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THE FINANCIAL POST

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The Nation's Business

British Preferences Now Out-of-Date

Thorough Overhauling is Needed

Present Inadequacy Shown by Example

Job for Statesmen

IMPERIAL preferences, both those which Canada grants to other British nations and those which other countries grant to us, are in need of radical over-hauling.

Consider what has happened to the Canadian Imperial preference.

It is the fact—admitted by the Customs Department—that, under existing conditions, the British preferential tariff has become ineffective in hundreds of lines.

The exact position — as shall be shown later—is this:

1. That the British preference does not yield advantages to the Mother Country commensurate with what it used to give. On the other hand, in a few fields, such as woollens, the preference has given British industry such advantages as to seriously injure our own home industry.

2. That the anti dumping clause in the Customs Act, designed to protect Canadian manufacturers from the dumping of foreign goods, is now simply permitting foreign countries, and formerly enemy countries, to sell goods in Canada more cheaply than Britain.

* * *

CANADA'S tariff, and Canada's customs regulations were designed for the simple economic conditions of the pre-war world. They were adequate enough when the currencies of the world were stable, when the burdens of taxation were equal, and when living conditions of nations were largely on a par. They never contemplated debased currencies, economic chaos in many countries, inequalities of taxation, extraordinary cheap labor, and mass production. They are unable to cope with such conditions now. The British preference, on an average, amounts to about 10 per cent. If, therefore, the average rate of duty in the general tariff were 35 per cent., the average British preference duty would be 25 per cent. This, under ordinary conditions, would be a considerable preference. Under existing conditions of currencies, etc., it amounts to very little.

* * *

LET US give an illustration, taken from the actual records of the Customs Department. The home value—which is the value upon which duty is levied—of a British article is $1. The duty is 25 cents; the price of the article in Canada $1.25. That same article is manufactured in Switzerland for 75 cents. The duty on the Swiss article, under the general tariff of 35 per cent., is 26 cents; the price of the article in Canada $1.01. Therefore, the Swiss article undersells the British article in Canada by nearly 25 per cent. The British article remains unsold.

The Swiss are not more efficient in manufacturing than the British, although Swiss labor is probably working harder than British workmen. But Switzerland, which did not participate in the war, has no war taxation. What is true in the case of Switzerland is true, for varying reasons, of a number of other countries. The United States is overcoming the British preference through mass production, with its consequent low costs. Japan overcomes it through cheap labor; Germany by cheap labor and debased currency; Czecho-Slovakia by low taxation and cheap labor; and so on.

Of course, it may be argued that Canada is not called upon to set up preferential arrangements that will enable Britain in selling to Canada to overcome her own inability to meet Swiss production costs. But the fact remains that the preferences have lost most of their value.

* * *

THE escape from this condition, British manufacturers have been telling the Dominion Government, is specific duties, as against the present system of levying duties on a percentage basis of the value of the article imported. The Customs department do not dispute this solution — they rather admit it—but declare that it entails vast difficulties. They point, for example, to the magnitude of the task of translating more than 1,200 percentage duties to a specific basis, with all that that would involve in examination of the position of each article; to the lobbying that would come for lower or higher duties on this article and that; and to the enormous discretionary power that would have to be vested in the officials charged with the task. And there is no doubt that specific duties in the case of the iron and steel industry have proven to be too inelastic to meet changing price conditions. The effect of the present anti-dumping law, in neutralizing any advantage gained by the British manufacturer from our preferences, is even more glaring. This law, as is well known, is to prevent foreign countries dumping their surplus production in the Canadian market. It operates,

(Continued on page 8)

Maritime Report Keeps Government Awake at Nights

Liberal Members From East Said to Oppose Subsidies

RAIL RATES A WORRY

Central Canadian Manufacturers Take Objection to Suggestion of Reduced Rates on Maritime Freight

From Our Own Correspondent.

OTTAWA—Sir Richard Cartwright's famous sneer at the Maritime provinces as being the "shreds and patches of Confederation," still seems to be the spirit in which a lot of politicians approach lower Canadian problems. Thus the Duncan Maritime report, received at first with acclaim, is now daily encountering strong opposition. It may be said without contradiction that not one of the more important of its recommendations but has its critics, the antagonism coming from within and without the cabinet, and sometimes from most unexpected sources.

One of the objections to one feature of the report is of an extraordinary character and comes from an extraordinary source. The recommendation in question objected to is that which suggests a temporary increase in the federal subsidies to the Maritimes of $1,600,000; the chief objectors are Maritime Liberals, cabinet ministers and members.

Why Liberals Oppose

To appreciate this somewhat amazing development it is necessary to know something of the depth of the bitterness of Maritime party politics. It so happens that all three provincial governments in the Maritimes at the present time are Conservative. It so happens, also, that beginning with 1928 there will be a series of Maritime elections. So, going on the Maritime political principle that the other party is not to be trusted under any circumstances, and must not be accorded any advantage whatsoever, Maritime Liberals in the House are asking why a good Liberal Government at Ottawa should hand over $1,600,000 to three wicked Tory governments, enabling them to make a better showing financially, to reduce taxes, to build roads and others things, and to thus get back into office? In other words, why should the federal Grits betray their downtrodden brethern by the sea? Why should Premier King, for example, rush to the aid of Premier Rhodes, of Nova Scotia, hard pressed by financial difficulties?

Would be Manna from Heaven

A hard doctrine, it is yet a perfectly plain one. For, beyond any question, payment of the subsidy sum recommended would be as manna from Heaven for all three Maritime Governments. Little Prince Edward Island, for instance, would receive $125,000—about one sixth of its total expenditure. The Prince Edward Island government could use such a sum to cut its taxation by about 10 per cent.—more than the taxation reduction of the Dominion Government in 1926 or 1927—and have a tidy sum left over with which to do work in doubtful constituencies that is always potent in elections. And so with Nova Scotia. Nova Scotia, with its share of $875,000, could reduce taxation by 10 per cent., and still have something like $400,000 left over with which (providing it is as bad as its opponents at Ottawa think) to play havoc with the Grits in an election. The whole assumption, of course, is a dreadful one; but the answer that federal Maritime Liberals make to that is that Maritime Tory governments are in any case dreadful things.

A more serious attack upon the Duncan report, and one that is more widely supported, concerns the recommendation for a 20 per cent reduction in freight rates. When this recommendation was first published its chief critics were the railway companies and other organizations who feared that it would impair earning power of the transportation companies and prevent decreases in rates elsewhere. Later, however, it was discovered that the recommendation provided that the cost of the reduction should be borne by the federal government, on a percentage basis—and the attack shifted. The government, holding that in practice this would mean that the greater the volume of Maritime traffic, the greater the cost to the government, became critical. It would never agree, whatever else it did, to a proposition which, the more it stimulated business, and accomplished its purpose, the more the Dominion must pay.

Criticize Rate Suggestion

Now the rates recommendation is being subjected to an entirely new criticism. It comes from merchants and manufacturers in Central Canada, and appears to have some force. The text of the recommendation reads:

"We recommend that an immediate reduction of 20 per cent. be made on all rates charged on traffic which both

(Continued on page 16)

Maritimes Feel Cost of Recommendations Much Exaggerated

OUTLINE THEIR STAND

Improvement in Rail Rates Would help to Brace the Industries Very Materially

From Our Own Correspondent.

MONTREAL.—A recent news dispatch of The Financial Post from Ottawa indicated that estimates in the capital placed the carrying out of the Duncan Commission's recommendations at a cost of some $6,000,000 annually, in addition to capital outlays of some $12,000,000. The news item caused much general discussion and dealing with estimated cost of eliminating some of the heavy grades on the railway in Prince Edward Island and a second car-ferry which was placed at $10,500,000, J. O. Hyndman, president of the Associated Boards of Trade in P.E.I., says in part in a letter to the Financial Post:

"If you will refer to the evidence of the Canadian National Railway officials given in Montreal before the Duncan Royal Commission, you will find that W. U. Appleton, the general manager of the Atlantic Region, was asked his opinion as to the capital expenditure required from Tormentine, New Brunswick, right through the Island, including a second car-ferry, and his reply was $3,000,000.

"The estimates you give in your article, for both the railway and second car-ferry, total three and a half times the estimate given by Mr. Appleton. I think Mr. Appleton's estimate may be assumed as correct, in view of his knowledge of the situation. The figures you have given will have a tendency to prejudice our case, and I think, in justice should be verified and corrected."

Still Other Questions

Another Maritimer, one of the most prominent manufacturers in the East, wrote regarding the same article:

"I appreciate that your article on the front page of the February 4 issue was no doubt a case of straight news reporting, the story having been written by your Ottawa correspondent as he saw it, but it struck me strangely that The Financial Post should even publish a news dispatch which contained figures that a little careful investigation would show were at least misleading.

"Those reading the article would be led to believe that a flat reduction of 20 per cent. is recommended on all Maritime freight rates, but as you are aware, the recommendation was only for a reduction of 20 per cent. in existing rates on traffic having both its origin and destination in points in the Atlantic region of the Canadian National Railway. Another reduction, equal to 20 per cent. of the proportion of through rates accruing to the Atlantic region on traffic originating therein and destined elsewhere, was also recommended.

Did Not Apply to Imports

"The commission expressly stated that their recommendations were not intended to apply to import traffic received at Saint John, Halifax and other ports and destined to points beyond the Maritime provinces. Nor is any reduction recom-

(Continued on page 9)

Splitting Massey-Harris Common Will Disfranchise Small Holders

Disfranchisement of many small shareholders will be one effect of conversion of Massey-Harris common shares of $100 par value into shares of no-par value, if the proposal of the directors is approved by the shareholders at next Wednesday's meeting. The plan of the management is that there will be one vote for every four shares. This means that the holder of one, two or three shares will have no voice in the control of a company in which he has a financial interest. It will mean that the holder of, say, eight shares will have a voice disproportionate to the voice of the holder of seven shares.

As explained in behalf of the management, the purpose of the proposed split is to popularize the issue, to give small investors an opportunity to participate in the expected continued success of the company. But the small investor's rights should be no less inviolable than the rights of the large investor.

No Reason For Balance

The reason for the proposal that the new shares have only one vote for four shares is, according to a director, that it is not desired to increase the voting strength of the common out of proportion to the voting strength of the preferred. The two issues are now equal in amount and in voting power.

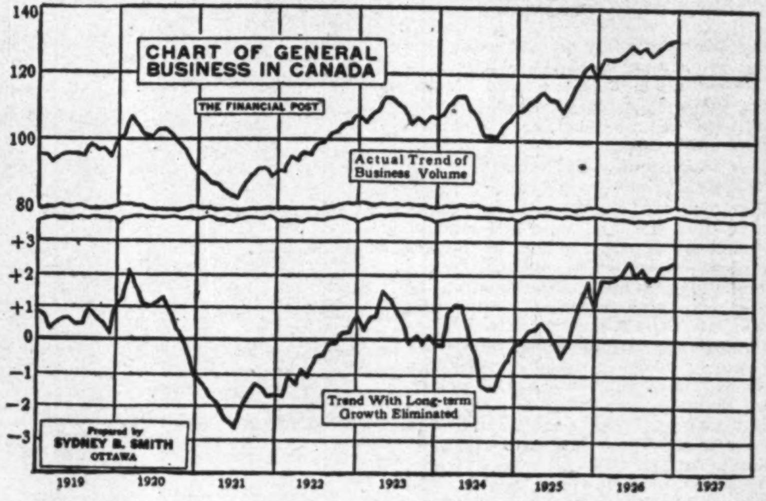
But is the equality of voting rights of two classes of sufficient importance to justify the nullification of the votes of a great many of the common shareholders? This abrogation of the rights of the small shareholders might at some time in the future have an influence, conscious or unconscious, on the managerial policy of the company. The nullification, moreover, will become all the more pronounced as the company achieves the desired purpose of spreading the common among a great body of shareholders. In time the average number of shares held per shareholder may not be more than three, or possibly seven.

Enhances Preferred Power

This proposal which would split the shares without splitting the votes will not preserve the equal voting rights of the two classes of shares. It will, on the contrary, enhance the strength of holders of the preferred, since every preferred share will be entitled to a vote and there will be an equal number of votes for the common only so long as the trading is in multiples of four shares. The minute any shareholder sells shares in a number which cannot be divided by four, the voting strength of the common is reduced automatically. If the trading in the new shares, in practice, is to be in multiples of four shares, the object of the split—making the stock available for investment by a greater number of small investors—is defeated. The company might as well retain the existing capital structure as

(Continued on page 12)

Business in Canada Reaches High Level



Canadian Business Activity is at High Peak for All Time

By SYDNEY B. SMITH.

A scientifically prepared chart of general business in Canada indicates the marked progress in the main lines of economic activity in this country during the last five years. Although the advance in that period was interrupted by minor recessions in 1923 and 1924, the income bearing power of the country was employed in recent months at a much higher percentage of capacity than at any other time in the post-war period, and probably in the history of the country. The high level attained in 1926 as compared with previous years, and which has continued into the beginning of 1927. The index in each month of 1926 was more than 119 per cent. of the base period 1919 to 1924, and averaged 125 p.c. for the twelve months. January saw a new high point of activity, the index number being 130.5.

Use of Index Numbers

Notwithstanding that index numbers were first used 160 years age, when G. R. Carli, the Italian writer, made an investigation in regard to the effect of the discovery of America upon the purchasing power of money, the method only came into general use thirty or forty years since. Index numbers until recently were used for measuring the general level of prices and the cost of living. The method has not been extended to measure as well as the current trend of the physical volume of production.

An alternative method for measuring the trend of production consists in the so-called "surveys of production" which involve the addition of the values of the products of the main branches of industry engaged in the extraction of raw materials and the making up of those materials into a form to meet the needs of consumers.

Dollar Volume Does Not Count

By using the data in physical units in the construction of an index number, it is possible to avoid the anomaly of making comparisons in terms of the dollar, the value of which is continually changing. Even before the war substantial changes were effected over a period of years, and in the last decade violent changes occurred in the purchasing power of money through war financing and subsequent deflation.

Twenty-six factors of physical volume were selected as representative of the main lines of economic activity in Canada during the post-war period. Mineral production was represented by seven metals and minerals, while eleven prominent commodities stood for the chief groups engaged in manufacturing. The record of construction contracts reduced to a volume basis by the elimination of the price element, together with building permits, represented the construction industry. The trend of wholesale and retail trade was measured by the index of employment in this field. External trade was included, the price factor being eliminated from the statistics of imports and exports. Transportation was represented by an index of car loadings, based from 1919 to 1922 on the tons of revenue freight originating on Canadian railways. Two items of general significance, the index of industrial employment and bank debits adjusted by the general price level, were also included.

Eliminating Seasonal Movements

Each series, if necessary, was adjusted for seasonal tendencies, and expressed as a percentage of the monthly average from 1919 to 1925. A weight was then

(Continued on page 8)

Airplane Plant Attracted New Vickers' Owners

MONTREAL.—Following the acquisition of the Canadian Vickers, Limited, by a new group, Victor M. Drury and Frank M. Ross have been appointed directors of the company. The syndicate was headed by James Playfair and other members were James A. Richardson, Senator Donat Raymond, Noah A. Timmins as well as Messrs. Drury and Ross.

It is understood that the interests behind the deal have been working for a consolidation of some of the larger ship-building interests in this country.

The syndicate called in Coverdale & Colpitts, engineers of New York, to valuate the property. W. H. Coverdale, head of that firm, is also president of Canada Steamship Lines, but the latter company has no interest in the Vickers' purchase.

A member of the syndicate informed The Financial Post that they were attracted to the proposition by the fact that the Vickers plant was the only aeroplane manufacturing plant in Canada.

Suggestions that the plant has been purchased in the hope of getting contracts for government boats for the West Indies service is characterized as nonsense.

No change in name or management is contemplated.

Who Is Behind Hudson's Bay New Store Rumors?

Are real estate promoters responsible for putting out rumors that the Hudson's Bay Company intends to erect a store in Montreal? Newspaper reports in that city have it options have been taken by the company on a site on St. Catherine Street, near Eaton's.

Similar reports were circulated in Toronto some time ago. They were set at rest when George W. Allan, Canadian chairman of the company, authorized The Financial Post to state unequivocally that his company had no intention of invading either the Montreal or Toronto field.

Despite the recent publication in The Financial Post of Mr. Allan's very firm and definite statement, one Montreal newspaper this week stated that "The Financial Post of Toronto is authority for the statement that the company had secured a site in that city on the northwest corner of Bloor and Bay Streets where a new store will be erected." This report also had its origin in Montreal.

MASSEY HARRIS NEW COMMON HAS $33 BOOK VALUE

Reconstruction of Balance Sheet Shows Equity of Proposed New Stocks

DIVIDEND IS EXPECTED

Directors Have Not so Far Discussed Policy of Profit Distribution—Book Value Now $32.77

Shareholders of Massey-Harris Co. next Wednesday will be asked to ratify a proposal of the directors to split the present common shares of the company, of $100 par value, into four shares of no par value each. There will be one vote for each four shares.

The announced purpose of this split in the common stock of Massey-Harris is to popularize the issue. The explanation is given that the reason the new shares will not have voting power, except in multiples of four, is that the directors did not wish to disturb the existing exact balance between preferred and common. At present the preferred has equal voting power with the common, there being 120.899 shares of each.

Massey-Harris stock has been in the limelight for several weeks. Thomas Bradshaw, vice-president and general manager, and J. H. Gundy of Wood, Gundy & Co., negotiated the purchase of the shares held by the Massey Foundation, the Hon. Vincent Massey and various estates. The deal involved something like $8,000,000. The Canadian Bank of Commerce advanced the cash for the transaction after it had looked as if the First National Bank of New York, acting for the J. I. Case Co., would secure control of the Canadian company.

How Balance Sheet Looks

The new common shares will have a book value of $32.77 the share, according to a condensed balance sheet prepared in the light of the proposed capital structure. This book value is arrived at by taking the present par value of $100 for 120,899 shares and adding to it the surplus of $3,509.358 as at November 30. 1926. This gives a surplus, representing the equity of the common, equivalent to $15,849,258.

The reconstructed balance sheet would be as follows:

Assets	
Factories, branches and plant equip..	$ 8,516,223
Investment sub. companies........	3,101,618
Inventories, etc.	18,806,354
Receivables and cash	10,538,435
	$40,962,630
Liabilities	
120,899 7% cum. pref. shares (book value $231 per share)	$12,089,900
Bills and accounts payable	6,260,878
Reserves and funds	6,762,594
Common capital merged with surplus representing 483,596 no par value common shares having a book value of $32.77 per share...	15,849,258
	$40,962,630

The stock market reacted favorably to the news of the proposed split in the shares, the price ascending sharply to 115, a record price. There have been some recessions, possibly on profit taking, but the level has been well maintained.

Of course, the market price for the

(Continued on page 16)

Investor's Index

Abitibi Fibre . . . 11
Algoma Bonds . . 11
Am. Sales Book . . 8
Amos. Water . . . 44
Arnold Bros. . . . 9
August Engine . . 11
Aurora Match . . . 9
Avon River Pwr. . 29
Avolon Tel. . . . 40
Barcelona 37
B. C. Elect. . . . 28
Bell Tel. 26
Besco 6
Brazilian 29
Brompton 9
F. N. Burt 18
Calgary Pwr. . . . 39
Can. Biscuit . . . 11
Can. Celanese . . 6
Can. Cement 6
Can. Cottons . . . 11
Can. Dept. Stores . 9
Can. Int. Paper . . 7
Can. Light & P. . 22
Can. Marconi . . . 38
Can. Niag. Pwr. . 38
Can. Nor. Pr. . . 27
Can. Vickers . . . 1
Cape Bret. El. . . 26
City Dairy 7
Consumers Gas 11-21
C.P.R. 4
Det. United . . . 30
Dom. Pwr. 28
Dom. Steel 11
Dom. Teleg. . . . 19
Dom. Textile . . . 4
Drummond Apts. 11
Dryden Paper . . 11
Duke-Price . . . 40
Duluth-Sup. . . . 22
East Kootenay . . 44
E. T. Teleph. . . 2
Fanfold 13
Foun. & Forg. . . 39
Fraser Comp. . . . 4
French Line . . . 12
Gatineau Pwr. . 6-21
Gat. River Pwr. . 35
Great Lakes . . . 40
How. Smith 6
Hudson Bay 1
Imperial Oil . . . 13
Ind. Alco. 6
Int. Pwr. 11
Int. Utilities . . . 38
Intl. Water . . . 39
Jam Pub. Ser. 16-44
Kam. Pwr. 29
Laurent Hydro . . 23
Laurentide 6
Laurentide Pwr. . 44
Lovat Steamers. . 11
Lower St. L. . . 37
Mackay Co. . . . 32
Man. Pwr. . . 11-25
Mar. T. & Tel. . . 30
Massey Harris . . 11
Mex. Trams. . . 28
Mitchell, J.S. . . 16
Mtl. Power . . . 32
Mtl. Teleg. 29
Mtl. Tram. . . . 19
Natl. Life Pres. . 11
N. B. Power . . . 39
Nfld. Light . . . 39
Nor. Mex. Pwr. . 35
Norw. Utilities . . 38
N. S. Steel 11
N. S. Tram. . . . 19
Ont. Equip 11
Ont. Steel Prod. . 6
Ottawa & Hll Pr. 26
Ott. Mtl. 39
Ottawa Pwr. . . 8-22
Ottawa Tract. . . 41
Perf. Glass 4
Porto Rico Ry. . . 37
Power Corp. . . 30
Price Bros. 6
Quebec Pwr. . . 7-42
Quebec Rly. . . . 42
Quebec Sou. Pwr. 23
Quinte & Trent . . 27
Russ. Motor 4
Seagram's 4
Shawinigan . . . 41
Sherbrooke Ry. . . 11
Sleeman Brew. . . 12
Sou. Can. Pwr. 11-28
Stand. Clay 6
St. Lawr. Paper . 6
St. Maurice Pr. 11-39
Twin City 35
Wahnapitae Pwr. 26
West Koot. Pwr. . 21
Wpg. Elect. . . . 25
Zimmerknit 9

MINES

Abana 48
[illegible] 48
Argonaut 45
Central Man. . . . 43
C. Reserve 48
Duprat 47
Hillcrest 46
Hollinger . . . 45-48
Int. Nickel 46
Noranda 48
Porc. Crown . . . 48
Premier 45
Towagamac . . . 47
Vipond 47

Background of Canadian Business

By JOHN E. LANGDON,
Business Editor, The Financial Post.

WEEKLY REVIEW OF CONDITIONS

Dollar Volume of Business in January Sets New Record
Employment at Beginning of February Shows Increase
Manufacturing Still Irregular; Steel Industry Improves
Building Awards Expected to Reach High Level in 1927
Car Loadings Indicate Wide Distribution of Merchandise

PROGRESS in the principal lines of business has been well maintained to date and while there have been recessions in one or two industries, the position of the country is sound and recent indicators of the trend of business have practically all been favorable, which lends weight to the assumption that 1927 should witness even greater activity than has been experienced in the past couple of years. The readjustment in commodity prices has not been so pronounced in recent months and while there will be certain recessions during the balance of the year, it will be possible to make commitments on a larger scale without fear of loss through excessive price declines.

The month of January did not exhibit any untoward signs of business expansion, as compared with the previous month, but in the more significant comparison with the same month last year, improvement was substantial. The dollar volume of business, as represented by check transactions, was greater in the first month of this year than in the corresponding month of any year since 1924. Active speculation, especially in mining shares, probably had its influence. Increases were almost general in the twelve centres of Ontario, the largest gain being shown in Toronto. A marked improvement was also recorded in Quebec province. Decreases were shown in the Maritime and the Prairie provinces, while debits were slightly more than maintained in British Columbia.

Employment Situation Better

The increased volume of business as shown by check transactions, is also indicated by employment returns at the beginning of February. Although the situation was still affected to some extent by inventory shut-downs and more so by continued seasonal slackness in out-of-door industries, employment, however, was in much greater volume than on the same date in any of the six preceding years. Returns from 5,817 firms, tabulated by the Bureau of Statistics, show staffs aggregating 788,887 persons, as compared with 784,484 on January 1st.

Analysis shows substantial recovery in manufacturing; logging also reported improvement. On the other hand, construction, trade and transportation registered seasonal declines. By provinces or areas, employment in the Maritimes decreased slightly; Quebec, Ontario and British Columbia report a slight increase; and the Prairie Provinces remain practically unchanged, as compared with returns at the beginning of the previous month.

Manufacturing Irregular

The steel and manufacturing industries report improvement, but conditions are still irregular. Textile mills are working on large orders. Oil and gasoline companies are doing a good business, while flour mills are running at part of capacity or shut down entirely. The steel mills, however, have experienced a better demand for their products owing to the recent placement of contracts for railway equipment and to more activity in the automobile industry.

Building Outlook Excellent

Construction contracts awarded during January and February are encouraging in that they indicate another season of record building is to be expected. During February, contracts to the value of $19,516,700 were placed, as compared with $16,771,800 in January and $13,477,600 in the same month last year. The total for the first two months of 1926, $36,288,500, is an increase of 38.8 per cent. over the awards for the same period a year ago. This large increase so early in the year is attributed not only to the very favorable building season in some sections of the country, but also to the better tone of general business which is expected to be maintained.

Contemplated new work, according to MacLean's Building Reports, Ltd., for which plans are being prepared, has been reported in exceptional volume since begining of the year, the total to date being $159,314,400. This is more than double the total for the first two months of 1926 and is indicative of a construction year well above the average.

Merchandise Sales Heavy

Reports of merchants have a somewhat doubtful and hesitant tone, which does not jibe with the amount of business actually being transacted, as shown by weekly car loading returns. The situation is pictured as being irregular in trend with only moderate expansion in certain lines and emphasis is placed on the narrow margin of profit in many commodities as a result of the lowering of prices. One point is generally agreed upon and that is merchants are buying only as needs arise and that stocks of merchandise are small in all lines of trade.

Car loadings, however, continue to indicate an unprecedented distribution of merchandise. In the week of February 19, 15,961 cars of merchandise were loaded, an increase over the preceding week and the corresponding period of last year. Since the beginning of the year, 8,153 more cars have been loaded than a year ago. This is good and sufficient proof as to the volume of actual purchases and consumption this year.

Other Lines Active

A similar situation is revealed by car loadings in other divisions of activity, which bears out the statement that business is more active. Coal loadings have increased by nearly 10,000 cars; grain and grain products, over 6,000; pulpwood. 9,000; and miscellaneous, 2,500. The other items show little or no change one way or the other, the aggregate total of cars loaded for the first seven weeks this year being 28,752 greater than in the same period of 1926.

E. T. Telephone Company Had Satisfactory Year

From Our Own Correspondent.

MONTREAL.—The annual report of the Eastern Townships Telephone Company for the 1926 fiscal year showed a satisfactory increase in the gross and net earnings and a large increase in the profits transferred to its surplus account. This resulted in reducing the company's balance sheet deficit of $15,755 last year to $9,133 at the close of 1926. With the exception of the increase in the reserve for depreciation account, other changes in the balance sheet were not of a significant character.

The income accounts over the past two years compare as follows:

	1925	1926
Gross Revenue	$80,821	$83,461
Operation Expense	$42 411	$43,256
Current Maintenance	10,039	9,842
Depreciation	10,876	11,454
Taxes	1,200	1,200
Total Expense	$64,526	$65,753
Net Earnings	$16,295	$17,707
Deduct Interest	8,137	7,657
Balance	$ 8,157	$10,050
Deduct Dividends	3,047	3,474
Balance to Surplus	$ 5,110	$ 6 576

The annual report of the company says that at the close of the year there were 2,308 stations in operation—a net gain of 62 telephones during the year. Several extensions and additions to the lines were built or acquired during 1926.

Nova Scotia's Financial Position Steadily Improves

Steady progress is being made by the government of Nova Scotia in reducing its annual deficit and the Hon. E. N. Rhodes estimates that provincial expenditures for the fiscal year September 30, 1927, will exceed revenues by $1,005,338. This is a considerable improvement over the past year.

The estimated revenue is shown at $5,851,026, as against an approximate expenditure of $7,133,146, leaving an unfavorable balance of $1,282,119. Against this is an item of $506,476 for expenditure incurred in 1926 and liquidated in 1927, which leaves the deficit at $775,643. Probable expenditures incurred in 1927 and which will be liquidated in 1928, however, add $399,156, bringing the total up to $1,174,799. There is an additional revenue item of $169,460, which leaves the deficit at $1,005,338.

Canadian Business Indicators

Compiled weekly by The Financial Post

	1927	1926	
Car loading, week February 19	59,956	56,100+	6%
Year to date	414.632	385,879+	7%
Merchandise shipped, year to date	107.662	99.509+	8%
Grain Receipts, Aug 1 to February 18	273,918,856	315,915,810—	13%
Price Level, January index, 236 commodities	156.0	155.2	
Pig iron output—January	51,717	56.644—	5%
Steel ingot production, January	58,551	60,536—	14%
Building permits, January (63 cities)	5,429,299	4,719.534+	15%
Bank clearings, February	1,380,494,194	1,217,595,039+	13%
Construction contracts awarded in February	19,516,700	13,477,600+	45%
Automobiles produced—January	15,376	15 479—	0.6%
Employment—February index	95.4	90.7	
Railway Earnings—January—			
C.P.R gross	14,435,369	13,470,131+	7%
C.P.R. net	1,510,234	1,801,858—	16%
C.N.R. gross	20,168,259	18,701,154+	8%
C.N.R. net	2,034,353	1,728,381+	17%
Exports of key commodities, 12 months ending January 31—			
Canned salmon, cwt.	593,328	698,656—	15%
Newsprint, cwt.	34,966,309	28,459,996+	22%
Wheat flour, bbls.	10,514,166	10,160,806+	3%
Wheat, bushels	249,488,812	229,440,513+	8%
Imports of key commodities, 12 mos. ending December 31—			
Rubber (raw, in pounds)	44.768,145	46,275,446—	3%
Cotton (in pounds)	136,759,718	125,598,579+	8%
Crude petroleum (in gallons)	681,173 293	553,680,795+	23%
Exports, 12 months to January 31	1,267,957,849	1,280,358,611—	0.9%
Imports 12 months to January 31	1,017,411,401	901,553,988+	12%
Balance of trade, 12 months to January 31	250,546,448	378.804,673—	34%
	1926	1925	
Newsprint production—December tonnage	163,177	136,983+	19%
Immigration, 11 months, to November 30	130,569	80,904+	62%
Business failures—No. of firms, 12 months	1,771	1,996—	12%
Liabilities	82,291,125	82,153,697+	0.4%
Savings deposits. Dec. (chartered banks)	1,372,763,485	1,318,875,483+	4%
Current loans, Dec. (chartered banks)	970,058,595	903,259,725+	7%
Bond sales, 12 mos.	567,341,196	496,500 000+	14%
Prices:	1927	1926	
Pig iron (Number 1 foundry) Feb. 24	24 80	Feb. (Aver.)	26.85
Cattle—Good, Toronto, Feb. 28	6.75	Feb. (Aver.)	6.87
Wheat—No. 1, Nor. Winnipeg, Feb. 28	1.41	Feb. (Aver.)	1.54
Hogs—Select, Toronto, Feb. 28	10.75	Feb. (Aver.)	14.29

Advertise Canadian Products in Britain

The Empire Marketing Board is putting up advertisements of Empire products all over London.

The photograph herewith was taken in Whitehall. It shows a little group of London citizens inspecting the posters set up in a special frame by the Empire Marketing Board. Such a photograph might have been taken at lunch time on any working day in recent weeks.

The poster on the extreme left is a Canadian Harvest scene with descriptive letter-press beside it. "Ships in the Channel" is shown in the centre with a New Zealand Dairying scene at the right.

The Canadian poster says:

THE WHEAT HARVEST OF CANADA

Wheat Sailed West.—Sailing ships carried the first wheat from the old world to Canada. Before they sailed, not a blade of wheat was grown on the Canadian prairie, and **None but the rich ate wheaten bread in England.**

* * *

Wheat is Steaming East.—To-day train upon train is steaming down to the Canadian ports. Steamer after steamer is heading eastward across the Atlantic for England. They are bringing you the wheat harvest of Canada, and — **The bakers' shops are full of wheaten bread.**

* * *

You pay Canada £30,000,000 a year for her wheat. Canada pays you £30,000,000 a year for the goods you send to her. That is what Empire trade means, and that is how Empire trade brings prosperity.

Empire Buyers are Empire Builders.

F. C. Herrick painted the Canadian and New Zealand pictures and Norman Wilkinson, R.I., the centre piece.

This set of posters is being displayed all over London and the largest cities of the United Kingdom and, although the Whitehall site, being at the heart of the Empire, is perhaps unique, the frames are everywhere being erected in especially favorable positions.

The object of the display is to bring home to the people of Great Britain by vivid pictorial appeal the importance of the work of their fellow British citizens in the Empire over seas.

COAL BRIQUETTING FOR SASKATCHEWAN BY ENGLISH FIRM

May Use Estevan Coal, Says Minister in Discussing Outlook in Legislature

ESTEVAN, Sask. — An eminent British engineer has investigated the feasibility of briquetting Southern Saskatchewan lignite coal on a commercial basis, and in a letter to Hon. T. C. Davis, minister in charge of the Bureau of Labor and Industries, commented in very favorable terms, it was revealed by Mr. Davis during the budget debate in the legislature. Mr. Davis explained that previous tests had proved that a German system of briquetting lignite coal from Southern Saskatchewan was successful and he believed the negotiations had now reached a stage in which British capital was interested and he was very hopeful of ultimate success.

Before another session came round he expected to be in a position to see the development of the Estevan coalfields on a briquetting basis.

Another possibility that was not being lost sight of was the success of the German laboratory experiments in the extraction of motor fuel from coal. At present the cost of extracting the motor fuel was prohibitive, but he had no doubt that a solution of the difficulty would eventually be found, in the not far distant future.

Develop Power

Regarding the power commission Mr. Davis said that through this body the government was trying to do something to bring about greater utilization of the water and coal power resources of the province and he hoped that when the next session came round they would have a report on which some action could be taken.

A representative of the British firm interested in the briquetting is expected to arrive in Regina in the immediate future, to make a final survey of the field.

The scheme of operation, according to Dr. J. F. Creighton, M.P.P. for Estevan would probably include the purchase of the plant of the Lignite Utilization Board near Bienfait, and the arranging for a supply of coal from nearby mines.

Need New Plant

The Lignite Utilization Board plant, four miles from Bienfait, is at present, inactive, except for the activities of a watch staff of three under the direction of Engineer W. G. Heptinstall. The board controlling the plant is composed of two representatives, Dr. Camsell, representing the Dominion Government, and T. M. Molloy representing the two provincial governments interested. Of approximately one million dollars invested in this plant for machinery and tests which proved practically wholly unsuccessful, the Government of the Dominion of Canada spent fifty per cent., and the Governments of the Provinces of Manitoba and Saskatchewan twenty-five per cent. each.

Authough Mr. Heptinstall is not fully acquainted with the German process which it is said would be adopted by the British firm, he believes that the present machinery in the plant would not be of a great deal of value, and that considerable new equipment, at a heavy expense, would be necessary.

TRAVEL FUNDS *for* CANADIAN TRAVELLERS

WHEN planning a trip either to great cities or unfrequented places, you may obtain from the Bank of Montreal travel funds suited to your individual needs.

Travellers' Cheques in convenient form and cashable in Canada and in other countries, or Letters of Credit that are acceptable the world over, supply funds with safety and convenience.

BANK OF MONTREAL
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Total Assets in excess of $750.000.000

Build Your Business In Far Ports

As well as at home. Our extensive foreign experience is available to our clients.

This Bank solicits Business Accounts.

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Established 1832
Capital, $10,000,000. Reserves, $19,500,000.
Total Assets, $245,000,000.

The Weyburn Security Bank
Chartered by the Act of the Dominion Parliament
TWENTY-SIX BRANCHES IN SASKATCHEWAN
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A General Banking and Foreign Exchange Business Transacted.

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CHARTERED ACCOUNTANTS
E. R. C. CLARKSON & SONS
Authorised Trustees and Receivers
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TORONTO
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This Bank makes a feature of its collection service. This means that your drafts will be forwarded promptly, presented promptly and followed up until the credits appear in your bank account.

IMPERIAL BANK
OF CANADA
179 BRANCHES IN DOMINION OF CANADA
Agents in Great Britain: ENGLAND—Lloyds Bank Limited, London and Branches. SCOTLAND—The Commercial Bank of Scotland, Limited, Edinburgh and Branches. IRELAND—Northern Banking Co., Limited, Belfast and Branches.
Agents in FRANCE—Lloyds and National Provincial Foreign Bank, Limited, Credit Lyonnais.

CANADA PERMANENT MORTGAGE CORPORATION
Quarterly Dividend
Notice is hereby given that a Dividend of THREE PER CENT. for the current quarter, being at the rate of
TWELVE PER CENT. PER ANNUM
on the paid-up Capital Stock of the Corporation, has been declared, and that the same will be payable
FRIDAY, THE FIRST DAY OF APRIL
next, to Shareholders of record at the close of business on the Fifteenth day of March.
By order of the Board.
WALTER F. WATKINS,
Secretary.
Toronto, February 16th, 1927.

ALCO-METER SERVICE
tells you exactly how much
MAPLE LEAF ANTI-FREEZE
you require in the radiator of your car, truck or tractor, to keep it from freezing.
Sold at all leading garages, service and filling stations.
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SEND
CANADIAN NATIONAL
EXPRESS
MONEY ORDERS

Investor Should Get Best Advice When Buying Securities

This is Advice of Hartley Withers in Discussing Proposed Legislation to Protect British Investors

By HARTLEY WITHERS,
Famous British Economist, Copyright, 1927.

A sentence in the King's Speech, at the opening of Parliament at the beginning of February, indicates that proposals for the amendment of the Companies Acts are to be brought forward—in other words that another attempt is going to be made to take care of the investor by passing measures for his protection.

Everyone will admit that anything that can be done by legislation or otherwise for the protection of the investor should be done as soon as possible; for one of the worst weaknesses in our present economic system is the opportunity that it gives to unscrupulous people for relieving ignorant folk of their savings by inducing them to invest them in gold bricks. Nothing is more tragic than the stories that one constantly hears of the foolishly confiding readiness with which otherwise sensible people can be prevailed on to part with money in exchange for the possibility of a speculative profit, while all the time they are imagining that they are making quite a prudent investment; and if law-making can do anything to check the evil, the sooner it gets to work the better.

New Class of Investors

The evil is especially virulent in these times, because the efforts made with extraordinary success, to spread the habit of war saving during the war, produced, in America, England, and many other countries, a new class of investors, whose education in these matters was even more wanting than that of the professional and middle classes, to whom the investment system had been until then, to a great extent, confined.

When the end of the war came these small capitalists who had learnt to save as a matter of patriotism, offered an easy mark to enterprising gentlemen who suggested to them that it would be good business, now that there was no longer the same need to hold government securities for patriotic reasons, to exchange them into something more spirited and venturesome.

Fraud on This Continent

This process of deterioration seems to have been worked on a particularly effective scale in America, where the wide distribution of wealth provided an enormous field for the organizers of doubtful investment. As Mr. Rukeyser, in his book on "The Common Sense of Money and Investments," puts it: "Soon after the government had sold the highest-grade issues to patriotic millions, schemers, charlatans, and fakers began a heinous career of exchanging Liberty bonds for securities that promised infinitely more but yielded little or nothing. Secretary of the Treasury Mellon recently lent his authority to the oft-repeated estimate that $1,000,000,000 a year is frittered away by the American public on worthless or questionable securities. To the individual, such deception frequently entails genuine tragedy—a laudable ambition, such as education of one's children, unrealized. To the community it represents the loss that comes from false and unproductive activities and misdirected capital."

Even to rich America, £200,000,000 is a terrific sum to pour down a sink, and in other countries the evil has probably been on a similar scale, in proportion to the national wealth and investing power. And in these times, when there are so many revolutionary enthusiasts who want to make the world better by turning it upside down, those who prefer a system of slow improvement, on lines that have proved to be practical, cannot afford to leave the revolutionaries with so strong an argument as the waste of bad investment and the misery that it involves, if anything can be done to cure it.

Recommendations of Committee

Whether legislation can do anything, is very doubtful. When the British government brings in its promised measures of company law reform, it will doubtless proceed along the very cautious lines indicated by a committee which was appointed, early in 1925, to consider the question, and issued its report in June, 1926. It concluded, in effect, that there was nothing to be gained by drastic alterations of the law. It was convinced by the evidence submitted to it that the great majority of limited companies are honestly and conscientiously managed, and the success with which in all countries company management has competed with older forms of business organization is a sufficient practical confirmation of this view. Some of the witnesses, however, seem to have cherished the delusion that fraud and lesser malpractices in company management can be stopped by the simple expedient of a prohibition by Act of Parliament. Others wanted legal regulations and prohibitions "calculated not merely to put a stop to the activities of the wrongdoer, but to place quite intolerable fetters upon honest business." The committee, however, took the very sensible view that it is most undesirable, "in order to defeat an occasional wrongdoer, to impose restrictions which would seriously hamper the activities of honest men and would inevitably react upon the commerce and prosperity of the country."

Investor Still Could Lose

And even if swindles could be effectively prohibited by legal enactment, the investor would still have plenty of opportunities for losing his money, owing to his chronic failure to distinguish between an investment and a speculation, and his general lack of education on these points. Those who try to encourage him to take an intelligent interest in financial questions, and to study balance-sheets and reports for himself are giving advice that may be very dangerous. Balance-sheets and reports, unless read in the light of inside knowledge, are most likely to lead to the drawing of mistaken inferences. The lesson that the average uninstructed investor most needs to learn is that investment is a matter which needs a great deal of care and skill, and experience, that very few people are qualified to deal with it, and that nobody should ever try to do so without the assistance of first rate professional advice. What is really wanted is a great development of investment companies, carried out by people of first rate standing in different countries, which would make it their business by propaganda and advertisement, to make it clear to ignorant investors that when they have savings to invest, there is an organization of high standing which will take their money and invest it on the priniciple of wide distribution of risks which has been so successfully employed by the British investment companies. As it is, most of the mistakes made by investors happen because they do not know where to go for disinterested advice.

WIDER MARKET FOR AUTOS IN DOMINION

Over 100,000 New Customers Secured in 1926—Increase in Registrations

Marketing of automobiles in Canada has increased at such a rapid rate during the past two or three years that more and more attention is being paid to the question of saturation. Although still considerably behind the United States in the use of motor vehicles per capita, Canada has come to depend more and more upon this mode of transportation, as evidenced by registration figures. At the end of 1925, motor vehicle licenses issued by the various provinces numbered 728,005, an increase of 11.6 and 24.4 per cent. over 1924 and 1923, respectively. In the year just ended, registrations increased in every province, the aggregate total being 830,881, according to statistics compiled by the Ontario Motor League.

Production at the same time set a new high mark, 205,116 cars having been turned out, of which 74,553 were exported. Imports last year totalled 28,535, so that the apparent consumption was 159,098, as compared with 102,476 in the preceding year. On this basis, automobiles in use at the end of 1926 should have totalled 728,005 plus 159,098, or a grand total of 887,103, less withdrawals. The actual figures, however, are considerably less, withdrawals being greater than in 1925 when they were 26,059, as will be seen from the following table:

To be Accounted for:	Year	Number
Auto licenses	1925	728,005
Manufactured	1926	205,116
Imported	1926	28,535
Total		961,656
Accounted for:		
Auto licenses	1926	830,881
Exported	1926	74,553
Total		905,434
Cars withdrawn from use (1926)		56,222.

There is a small error in this computation as it does not take into account the increase over the previous year of unlicensed cars in the hands of the dealers.

It will be seen that during 1926, 100,000 new customers were secured for the automobile industry. This means that an increasingly large number of renewals will be made in succeeding years, as evidenced by the fact that registrations are steadily increasing despite the sharp advance in withdrawal of cars from use. Moreover, another stimulant to increased sales within the Dominion is to be seen in the lower trend of prices on closed models. This, combined with the increasing use of the deferred payment plan, has opened up a wide market, which so far has been only partially developed. At the same time, the buying power of the individual citizen is increasing and provided there is no setback in the general prosperity of the country, there is every reason to believe that domestic sales will account for an increasingly large percentage of total production.

REAL ESTATE MART SHOWS IMPROVEMENT

Canadian Cities Report No Shortage of Dwellings and Rentals Unchanged

The real estate market in Canada at the end of last year was more active than at the same time a year ago, the difference being about 24 per cent., according to reports from representative cities received by the National Association of Real Estate Boards. Only fourteen per cent. reported that the market was less active, the balance stating that conditions were better.

Selling prices were better, the country as a whole reporting prices higher by 43 per cent. Forty-three per cent. reported prices higher, the same number that prices were unchanged and 14 that they were lower. The building shortage is not so pronounced as one would be led to believe by the amount of building going on in the past few years. The percentage of cities reporting shortage of single family dwellings is nil, while only seventeen per cent. reported overbuilding. About 25 per cent. reported apartments overbuilt, while 100 per cent. of the replies stated that there was no shortage. The situation as regards business buildings, curiously enough, is exactly the same as that for apartment houses.

Rent Situation Easy

The rental situation throughout the Dominion, judging by these returns, indicate a revision downward, although in most instances rents remained stationary. In the single dwelling classification 29 per cent. of the cities reporting said rents were upward, 14 per cent. downward, and 57 unchanged; duplex dwellings—20 per cent. down and 80 per cent. stationary; apartments, 14 per cent. up, 14 per cent. down, and 72 per cent. unchanged; and kitchenettes, 17 per cent down, 17 per cent. up and 66 per cent. unchanged.

While no details are given as regards the supply of money available in Canada, the reports of all reporting cities show that in 47 per cent. of the communities capital is seeking loans, 33 per cent. equilibrium between supply of capital and demand for loans, and 20 per cent. that desirable loans are available in excess of the supply of capital, with 75 per cent. of these cities reporting interest rates steady, 6 per cent. rising and 19 per cent. falling. Apparently no sharp increase of interest rates is anticipated since 73 per cent. of these communities report that no change is expected and of the 27 per cent. reporting an expected change, a good proportion state this change to be an easing of the situation with slightly lower rates.

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Jones Goes on Board

Frank P. Jones, president of the Canada Cement Company, has joined the Board of the Canadian General Investment Trust, Ltd. This is a new organization, started a few months ago,

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DOUKHOBORS OF B.C. SHIPPING TIMBER

From Our Own Correspondent.

NELSON, B. C., Feb. 22.—Nearly a season's work in timber operations in various sections of the Kootenay-Boundary country by the Christian Community of Universal Brotherhood, the Doukhobor business organization, began to come to a head the other day, with the first shipment of cedar poles from Brilliant and Crescent Valley. Altogether, 10,000 poles were manufactured from Doukhobor timber in the locality named, the Pass Creek area, last summer, and in the next two months shipment will be completed, all going to M. L. Bruce & Co., at New Brighton, Minn.

In the Grand Forks district the Doukhobors have 2,500 to 3,000 poles of last summer's manufacture, which will be shipped to the Bruce company's yard at Sandpoint, Idaho.

The winter's work in the Pass Creek timber has consisted in getting out saw-logs, of various woods, to be manufactured at the Community's Crescent Valley sawmill, into 2,000,000 to 3,000,000 feet of lumber the coming operating season.

Logging operations in the society's Grand Forks timber have been about completed, and about 2,000,000 feet of lumber will be produced at the society's Grand Forks mill.

The Grand Forks Doukhobors also have a tie camp at Midway, where they are getting out about 20,000 railway ties for the Great Northern.

Alberta Now in Corn Belt

The Province of Alberta is definitely in the corn belt of North America. Although a few years ago it was producing very little corn, this has now come to be a large item in the annual agricultural production of the province. Last year more than one million dollars' worth of corn was produced within Alberta, chiefly in the southern part. The splendid exhibits of corn are becoming an attraction at the Seed Grain Fairs throughout the country.

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Bonds issued by municipalities give a higher interest return than issues of similar standing of eastern towns and cities.

This is due to the fact that all interest rates are higher in the West.

Investors who would increase the average earnings of their holdings will find our lists of value.

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Step from Train to Ship —*then* Europe

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Canadian Pacific Express Travellers' Cheques are good the world over.

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For Investors

INVESTORS find our Bond Department of great assistance in selecting suitable investments, and also in arranging the purchase or sale of securities.

A MONTHLY list of offerings will be sent on request.

THE CANADIAN BANK OF COMMERCE
Capital Paid Up $20,000,000
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For Economy with Service Route Your Freight Shipments
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Between Montreal, Toronto, Hamilton, Windsor, Detroit

Automobile and Piano Paper
MANUFACTURERS FINANCE CORPORATION LIMITED
TORONTO, Federal Building
AUTHORIZED CAPITAL - $6,500,000

A Finer
DODGE BROTHERS MOTOR CAR

New in Beauty, Comfort and Performance —Still more Dependable

Now ready for your inspection and personal test—a finer Dodge Brothers Motor Car than ever before, due to many new and vitally important improvements. So important, in fact, that only a personal inspection will give you an adequate idea of what further engineering advances and greater production have accomplished in extra values. Read this partial list of the latest improvements and then investigate:

A New Clutch—*Simple, Prompt, Sure and Silent*
Softer Pedal Action
Greater Steering Ease
Easier Gear Shifting
New Body Lines—*as smart and graceful as any on the boulevards*
New Color Combinations of Striking Beauty
Still Sturdier Bodies
Seats Re-designed *for greater comfort*
Improved Universal Joint, Propeller Shaft, Differential and Axle Shaft—*creating greater sturdiness and resistance to wear*
And Many Other Smart New Refinements of Detail.

Remember, too, that all these are in addition to many important improvements recently announced, including the *five-bearing crank shaft* and the *two-unit starting, lighting and ignition system* that inspired owners to new expressions of enthusiasm and satisfaction.

Look at these big roomy cars and you will realize that it is not possible to invest more wisely in dependable transportation.

Special Sedan - - - - - $1310
DeLuxe Sedan - - - - - 1420
Special Coupe - - - - - 1195
f. o. b. Toronto, taxes to be added

DODGE BROTHERS (CANADA) LIMITED
TORONTO, ONTARIO

RUSSELL MOTOR CAR CO. SHOWS AVERAGE PROFIT

Five Months' Earnings Compare Favorably With Previous Report

The report of Russell Motor Car Co., just issued, is for the five months ended December 31st owing to the change in the company's fiscal year authorized at the 1926 annual meeting. The reason for the change was to make the returns for the year available as soon as possible after the close of the fiscal years of Canada Cycle & Motor, Canadian Acme Screw & Gear, and Willys-Overland, Ltd., in which Russell Motor have substantial or controlling interests.

The results for the five months are not accurately comparable with the results for the fiscal year ended July 31, 1926. But the net profit of $56,449 for the five months compares favorably with the profit of $118,701 for the previous twelve months and the net profit of $115,504 in the fiscal year ended July 31, 1925.

Buy Galt Screw Works

T. A. Russell, president, in his address to the shareholders, stated that Willys-Overland showed a marked improvement in its Canadian business in 1926, but that the profits were considerably reduced owing to the unsettlement resulting from the budget uncertainty last April and May.

This company has introduced new models and a larger business is anticipated in 1927.

Canadian Acme Screw & Gear is paying 8 per cent. on its capital stock of $1,350,000 and it is stated that this return probably will be continued. This company during the year acquired the Galt Machine & Screw Co., Galt, and is now operating the plant there as well as the plant at King and Dufferin Streets, Toronto.

Canada Cycle & Motor Co. in the year just closed did a slightly larger volume of business than in the previous year. But the margin of profit in some lines was somewhat lower than in the previous year with the result that the net gain was somewhat less.

Russell Motor Car Co. 7 per cent. cumulative preferred, of which $1,200,000 is outstanding, is in receipt of the full dividend quarterly and the common is on a 3 per cent. basis.

Profit and Loss

	*1926 To Dec. 31	1926 To July 31	1925 To July 31
Net gain	$ 56,449	$ 118,701	$ 115,504
Pref. div.	35,000	84,000	84,000
Com. dividends	10,000	24,000	....
Balance	$ 11,449	$ 10,701	$ 31,504
Prev. bal.	530,739	520,037	488,533
P. & L. bal.	$ 542,188	$ 530,738	$ 520,037

*—For 5 Months.

Dominion Bridge is Working Near Capacity

From Our Own Correspondent.

MONTREAL.—The operations of the Dominion Bridge Company are being maintained at a level considerably higher than has existed for many years. The company is making good progress on the work which it has in hand, and it is understood that orders are coming in very satisfactorily. It is usual for the company to experience somewhat better business in the spring and summer months than at other times of the year, so that the present situation indicates even increased activity for the next few months.

The operations of the subsidiary, the Dominion Engineering Works, are also being maintained at a good level and, while the subsidiary made two interim dividend payments last year of 3 per cent., it is now rumored that for 1927 these 3 per cent. disbursements might be made quarterly.

Moirs to Expand

MONTREAL.—It is understood that Moirs, Limited, intends making a large addition to its plant in Halifax in order to take more advantage of the demand which exists for its products, and also to be in a position to institute more aggressive development policies.

Capital: $1,000,000
Reserve: 350,000

Complete Trust Service
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Wills and Trusts
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Saint John, N.B. St. John's, Nfld.
Charlottetown, P.E.I.
MONTREAL—138 St. James St.
23

Stock Market

MARKET INDICATOR

20 Industrial Stocks

	High	Low
Week of Mar. 2	92.0	89.0
Week of Feb. 23	91.3	88.7
Month of Mar., 1926	79.6	72.1

9 Bank Stocks

	High	Low
Week of Mar. 2	$241	$238
Week of Feb. 23	238	237
Month of Mar., 1926	227	224

10 Public Utilities

	High	Low
Week of Mar. 2	106	104
Week of Feb. 23	107	104
Month of Mar., 1926	95	91

WEEK'S GAINS AND LOSSES

	Gains	Losses	Unch.	Total
Banks	8	1	..	9
Paper	6	5	4	15
Steel	8	11	19	38
Foodstuffs	22	12	11	45
Utilities	15	6	7	28
Tractions	5	3	6	14
Textiles	5	6	6	17
Industrials	17	7	25	49
Total	86	51	78	215

PERFECTION GLASS CHANGES CAPITAL

Shareholders Get Two New Shares for One—New Stock Issue

From Our Own Correspondent.

MONTREAL.—The very satisfactory progress which is being made was noted at the special general meeting of the shareholders of the Perfection Glass Company; the change in the company's capitalization was also ratified.

The present 50,000 shares of common stock of $10 par value have been changed to an authorized issue of 300,000 shares of no-par value, of which 100,000 shares will be outstanding. Thus, the shareholders will receive two shares of the new stock for every one of the old.

The meeting authorized the issuance of further no-par value common stock at the discretion of the directors; it is anticipated that the original shareholders will be allowed to subscribe for a further 10,000 shares at $10 per share. The company already holds applications for 4,600 new shares of stock. As Perfection Glass intends to expand still further, probably further stock will eventually be offered publicly.

At the meeting, A. F. Byers, president of A. F. Byers and Company, said that the success with which the company was meeting had greatly increased the confidence of the shareholders; other shareholders also paid tribute to the success of the management. At the conclusion of the meeting, about forty shareholders visited the company's new plant, which now has 156 employees.

May Earn 10 Per Cent.

The annual report for the year ending December 31 will make its appearance before the end of April. The exhibit will cover only the initial six months' period of actual operations, but it is anticipated that earnings, after all charges, will be equivalent to about $1 per share on the $10 common stock.

The company's engineers are at present in Windsor, Ontario, working on the new plant, which will be in operation by April 1 next. After the Windsor plant gets into production, it is possible that the company will undertake further expansion at other points.

The sales are steadily increasing and, for the month of February, totaled more than $80,000. New fields are being found for the company's non-shatterable glass. This product was recently approved by the Dominion government and, as a result, the Canadian Vickers Company has placed an order for this type of glass for aeroplane windshields. Recently, the first building in the world to be equipped with non-shatterable glass throughout was completed. The company also has contracts with two of the larger insurance companies for the replacement of plate glass risks.

The Perfection Glass Company recently completed its contract to supply all the glass in the St. Catherine Street Realty Corporation; investors are interested in the latter through its recent issue of securities. The company is steadily obtaining contracts of a similar character.

Canadian Guaranty Trust Profits Drop; Outlook Good

Profits of Canadian Guaranty Trust Company showed decline in 1926. After putting $5,000 to contingent reserve, profit and loss surplus was reduced by $1,329. Comparative figures follow:

Profit and Loss

	1926	1925	1924
Net profits	$12,805	$15,168	$ 6,027
Dividends	9,134	8,994	......
Contingent	5,000	2,000	16,000
	$14,134	$10,994	$16,000
Balance	x$1,329	$ 4,174	x$9,973
Prev balance	6,230	2,056	12,029
P. & L. balance	$ 4,901	$ 6,230	$ 2,056

x—Debit.

Nine Years' Earnings

Year	Paid-up Capital	Profits	Div.	% Prof. A. Cap.	*Earn. Rate
1918	198,952	14,897	5	7.7	6.8
1919	240,925	17,761	5	8.8	7.7
1920	263,637	22,667	6	9.0	7.5
1921	267,964	21,063	6	8.0	6.6
1922	270,045	17,278	6	6.4	5.3
1923	272,151	5,189	.	2.0	1.6
1924	295,114	6,027	.	2.0	1.7
1925	299,834	15,168	3	5.0	4.3
1926	304,499	12,805	3	4.2	3.6

*—Per cent. of capital, reserves and balance at beginning of year.

There was a substantial increase in assets in all departments. During the year, there was a considerable sale of farm property (over $100,000 in amount). A. C. Fraser, president, expects an improved showing at the end of 1927. Payments have been retarded by the bad weather and through many of the clients being members of the wheat pool.

BRITONS MAY BUY SEAGRAM STOCK; PLAN AFFILIATION

Purchase of Treasury Shares is Being Negotiated; Connection Would Help

Directors of Joseph E. Seagram & Sons, Ltd., announce that "negotiations have been practically completed with important British interests to acquire a holding in the company for investment purposes." The connection formed, it is added, should "be of great value to the company in the development of the business." It was stated, further, that the "parties in question have no connection with Distillers' Company, Ltd., or any Canadian distillery interests."

No further information at present is available from official quarters, but it is understood that the British interests will acquire treasury stock, of which there is a total of 100,000 shares. The 200,000 shares in the hands of the public were first offered last November at $15 the share. The British firm is said to be Johnny Walker.

May Get Franchises

The report that it is treasury stock that may be acquired by the British interests is a depressing factor on the prevailing market price. Offsetting this, however, is the fact that an experienced British connection will strengthen the company from a manufacturing and selling viewpoint. It is reported, further, that one effect of the connection will be to get Seagram's bottling franchises for a number of well-known British brands of liquor.

Seagram's capital structure is in the simplest form. There is no funded debt and no preferred stock. The only issue is the 300,000 shares of no-par, of which 100,000 is held in the treasury.

The balance sheet of Seagram's as at December 31, 1926, showed total assets of $3,246,191. This included spirits valued at $921,613 and barrels and supplies worth $448,400. The company has an agreement to buy 1,000,000 gallons of matured spirit at $2 the gallon. This is shown on the balance sheet as an asset worth $743,000 to the company.

C.P.R.'S GROSS UP BUT NET DECLINES

Recent Rise Warranted, But Not Due to Changed Position

From Our Own Correspondent.

MONTREAL.—While the Canadian Pacific Railway experienced an increase of about $1,000,000 in its gross earnings for January, as compared with the corresponding month of 1926, yet there was a decline of some $300,000 in the net earnings. Of course, one of the reasons for the decline lay in the trying operating conditions which the company experienced during the month, but, from the following figures, showing the net earnings and expenses over the past ten years, it will be seen that as far as the net is concerned, the first month of the year is usually unsatisfactory.

1927	$1,610,284	$12,925,134
1926	1,801,858	11,668,272
1925	583,768	11,312,744
1924	860,399	12,532,432
1923	720,026	12,428,887
1922	483,477	10,854,497
1921	641,424	13,824,005
1920	585,941	13,328,628
1919	1,553,512	11,474,816
1918	1,167,993	9,621,824

The recent demand for the stock in New York, which raised the price to around $190 a share, had little or nothing to do with the actual earning power of the road—the whole movement was due simply to the increased demand for sound railroad issues in the United States.

Position Not Changed

The position of the C. P. R. has not changed over the last three months, when its stock sold at about the same price as that of the Montreal Tramways Company. At that time, it was felt that the stock should have been selling higher than the tramways company, and, had the market for C. P. R. depended solely on Canadian investors, it probably would have been in more demand than the traction issue.

But the market for C. P. R. stock is a world market and depends chiefly on world conditions. Incidentally, while the stock has experienced a satisfactory appreciation, it is satisfactory to note that it is warranted, for not only are the shares in the gilt-edged class, but also the Canadian Pacific holdings of the Consolidated Mining and Smelting Company at the present market price for that company's stock, amount to over $20 on each share of the Canadian Pacific common shares outstanding.

The Canadian Pacific owns 231,413 shares of "Smelters" out of a total of 507,012 outstanding. The C. P. R. holdings at $250 per share give a market valuation of this asset of $57,853,250, or the equivalent of $22 per share on the C. P. R.'s 2,600,000 shares of common stock outstanding.

Dominion Textile Has Maintained Its Earnings

From Our Own Correspondent.

MONTREAL.—The Dominion Textile Company's shares have been breaking new high ground, which indicates that, while some of the other textile companies have found the past year somewhat unsatisfactory, that "Textiles" has, because of its wide range of lines, been able to maintain its earning power.

Recently, the management of the company invited forty members of parliament from the Prairie Provinces to visit its plant, and it is thought that the visit will bring about a better realization of the magnitude and the efficiency of the textile mills in Canada to those who have the power within their hands to enact unfavorable legislation. The rise in the stock has also created talk of a possible increase in the disbursements to the shareholders.

"Steamers" Earns More

MONTREAL.—There has been an increasing interest of late in the common shares of the Canada Steamship Lines and the stock is selling at a figure very close to the high of the year. At the moment, investors are looking forward to the publication of the annual report. It is rumored in some quarters that earnings may be as high as over $4 a share on the common stock.

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STERLING APPRAISAL COMPANY
LIMITED
9-11 E. Wellington St., TORONTO
Sterling Security Reports are prepared by Registered Professional Engineers

Fraser Companies Has Listed Its Preferred

From Our Own Correspondent.

MONTREAL.—A new paper security, the Fraser Companies, 7 per cent., cumulative, redeemable, convertible preferred has been listed on the Montreal Stock Exchange; of late, the shares have been changing hands between brokers around 98½. The company is the first of its kind in the Maritime Provinces to list its securities.

The shares are preferred both as to dividends and as to assets. They may be called at 105 and may be converted at any time into common stock of the company. The shareholder can exercise his conversion rights, even though the shares be called, provided he does so before the date of redemption. The stock, however, carries no voting privileges except in the event of two consecutive quarterly dividends becoming in arrears.

The Fraser Companies owns and operates three mills, a sulphite pulp mill, at Edmundston, N. B., with a rated capacity of 42,000 tons of bleached sulphite per annum, and a paper mill situated just across the U. S. border from the pulp mill, which has an annual capacity of 6,000 tons of high-grade paper. In addition, the company has a large output of lumber from its twelve saw-mills located in eastern Quebec and New Brunswick. The company owns a mill at Chatham, on the Miramichi River, with its own deep-water docks; this plant has a capacity of some 18,000 tons of unbleached pulp annually.

ANNOUNCEMENT
We have pleasure in announcing the association with this firm of
MR. R. B. DUGGAN
as of March 1st, 1927.
DUNCANSON, WHITE & CO.
INVESTMENT BROKERS
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66 YONGE ST. TORONTO
3

FIFTEENTH ANNUAL REPORT
OF

The Sterling Trusts Corporation

Head Office: 10-12 King Street, TORONTO **Branch: REGINA, SASK.**

DIRECTORS AND OFFICERS

W. H. WARDROPE, K.C., *President*, Hamilton, Ont.

Vice-Presidents

A. W. BRIGGS, K.C., CHARLES BAUCKHAM, NORMAN SOMMERVILLE, K.C.

DR. J. W. RUTHERFORD, M.P., NICOL JEFFREY, K.C., H. P. KENNEDY,
JOHN HALLAM, J. W. SCOTT, W. A. BOYS, K.C., M.P., J. H. MONTGOMERY.

CHARLES BAUCKHAM, *Managing Director* JAMES R. LOVATT, *Secretary*
WM. C. McBRIEN, *Manager Real Estate Department* LORNE JOHNSON, *Manager Regina Branch*

BALANCE SHEET AS AT DECEMBER 31st, 1926

ASSETS

Capital		
Book Value of Real Estate:		
Office Building, Regina		$ 110,000.00
Less Mortgage thereon		36,283.87
		$ 73,716.13
Real Estate held for sale		5,254.59
		$ 78,970.72
Office Furniture, Fixtures, etc., less Depreciation		4,633.36
Mortgages and Agreements Receivable—Net:		
Principal	$386,886.43	
Interest, Due and Accrued	16,863.19	
		403,749.62
Loans on Corporation's own shares		25,792.10
Loans on other securities		6,371.60
Advances to:		
Estates, Trusts and Agency Account		111,536.63
Fees, Commissions and Accounts Receivable		11,328.37
Cash on Hand and in Banks		64,918.25
		$ 707,200.65
Guaranteed Trust		
Mortgages:		
Principal	$27,350.10	
Interest Accrued	213.54	
	$27,563.64	
Provincial and Municipal Bonds, at cost and Accrued Interest	$16,346.52	
Cash on Hand and in Banks	12,976.74	
		56,886.90
Estates, Trusts and Agency		
Inventory Value of Assets under Administration	$6,380,612.74	
Cash on Hand and in Banks	51,441.01	
		6,432,053.75
Total		$7,196,141.30

LIABILITIES

Capital		
Capital Stock:		
Authorized, 10,000 shares of $100.00 each		$1,000,000.00
Issued, 8,428 shares of $100.00 each on which there has been paid		$582,798.37
Reserve Fund		90,000.00
Accounts Payable		3,361.85
Dividend Payable		17,492.74
Deferred Profits Reserve		2,996.46
Reserve for Income War Tax, 1926 (Estimated)		3,100.25
Profit and Loss		7,450.98
		$ 707,200.65
Guaranteed Trust		
Guaranteed Investment Receipts	$31,922.46	
Interest Accrued and Unpaid—Guaranteed Investment Receipts	457.25	
Deposits bearing interest	24,507.19	
		56,886.90
Estates, Trusts and Agency		
Amount due on Realization		6,432,053.75
Total		$7,196,141.30

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED DECEMBER 31ST, 1926

Dividends paid to Shareholders	$ 34,875.32
Dominion, Provincial and Business Taxes	6,581.14
Transfer to Reserve Fund	15,000.00
Balance as at December 31, 1926	7,450.98
Total	$ 63,907.44

Balance as at December 31, 1925	$ 9,359.58
Add Net Profit for the year after deducting Management Expenses, etc.	54,547.86
Total	$ 63,907.44

AUDITOR'S CERTIFICATE

We have audited the books and accounts of The Sterling Trusts Corporation maintained at Toronto and Regina and have prepared therefrom the appended Capital and Guaranteed Trust Balance Sheets, which, in our opinion, are properly drawn up so as to exhibit a true and correct view of the financial position of the Corporation as at December 31, 1926.

We have verified the Cash in Banks and on Hand and have satisfied ourselves as to the Corporation's interest in the various investments.

PEAT, MARWICK, MITCHELL & CO.,
Chartered Accountants.

Your Ambassador

Your letters are your ambassadors—ambassadors with *"powers extraordinary"* to create impressions favourable or unfavourable.

The unkempt salesman may possess unlimited ability, and the message on the undignified letterhead may be well-worded, but unavoidably some of the fineness of each is lost because of its unfavourable background. So too, consciously or unconsciously, there is cast a reflection on the character of the organization.

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HOWARD SMITH PAPER MILLS LIMITED
MONTREAL, CANADA
4

Stock Market Record

WEEK ENDING MARCH 1

	Div. Rate	Yield Feb. 28	High for wk.	Low for wk.	Close Mar. 1	Close Feb 22	Sales for wk.	Range, 1927 High	Range, 1927 Low
Banks—									
Commerce	12+1	5.34	248	241	241	240	231	248	228
Dominion	12+1	5.64	230	228½	230	228½	78	230	217
Can. Nationale	10	6.07	165	164	164¾	163	16	165	160½
Imperial	12+1	5.85	222	221	221	222	265	223	214
Montreal	12+2	4.82	290	285	290	286	309	295	272
Nova Scotia	16	5.08	314	311	314	311	25	314	298
Royal	12+2	5.40	261	257	260	258	273	266	257
Standard	12	5.82	206	203½	205	203	63	207	196
Toronto	12	5.17	234	230	234	232	50	238½	230
Paper—									
Abitibi, com. (no par)	5	5.76	89	86⅝	87½	87⅝	3660	89	82
Do. pref.	7	6.03	..	...	...	...	...	116	113
Belgo-Can. pref.	7	6.79	103	102⅝	103	102¾	151	103	101
Brompton (no par)	50c	1.51	33⅛	32¼	32¼	32½	916	35	31⅝
Inter. Paper, com.	$2	3.57	57½	55¼	57	56½	10800	60¼	53½
Laurentide	6	5.83	104½	100⅝	101	105	9310	110¾	100¾
Price Bros., com.	2	3.30	60½	60	60	60	95	63	59
Do. pref.	6½	6.40	102	101	102	102	236	104	100¾
Prov. Paper, com.	6+1	5.44	128½	127½	127½	125	70	128½	115
Do. pref.	7	6.57	106½	106½	106½	106	10	107	105¼
Smith, Howard, com.	.	...	65	62	62	66	320	68¾	60½
Do. pref.	7	7.47	107	106	107	107	90	108	103½
Span. River, com.	7	7.00	101¾	99½	100	101	1626	104¼	99
Do. pref.	7	6.12	116½	114¼	114⅝	114¼	310	116½	112
Wayagamack	$3	6.41	48	46¾	46¾	48½	255	54¾	46¾
Steel and Steel Industries—									
B.E. Steel, com.	.	...	1⅛	1	1⅛	1	30	1⅝	⅜
Do. 1st pref.	.	...	18½	18⅛	18½	20	50	22½	17½
Dd. 2nd pref.	.	...	3¾	3¼	3¼	3½	450	4	2½
Can. Car & Found., com.	.	...	48	46½	46½	47	395	50¼	45½
Do. pref.	7	7.54	94	92	92	94	800	94½	89
Can. Fairbanks, pref.	.	...	82	82	82	80	10	82	80
Can. Forgings, com.	.	...	22½	20	22	20	505	22½	20
Do. pref.	.	...	80	79	80	79	25	80	66
C.G.E., com. (par $50)	.	...	..	...	...	...	...	50	50
Do. pref. (par $50)	7	5.98	58½	58	58½	57	20	58⅝	56¼
Can. Locomotive, com.	.	...	..	...	...	...	...	48	40
Do. pref.	7	8.04	89	87	87	89	78	89	85½
Canada Iron, com.	.	...	..	...	...	...	...	12	12
Do. pref.	4	9.09	..	...	...	...	...	44	42
Dominion Bridge	4+2	4.22	144⅛	142	142	143	2071	148¾	116¾
Dominion Coal	.	...	72	72	72	72	15	75	71
Dominion Iron, pref.	.	...	..	...	...	...	...	5	5
Dom. Radiator, pref.	7	6.93	101	101	101	101⅜	25	101⅝	100
Dom. Steel Corp., pref.	.	...	23½	22½	22½	23½	65	25	22
Ford Motor	10	...	..	...	...	...	...	x622	500
Gould Pumps, pref.	7	7.00	..	...	...	...	...	100	100
Kelvinator, com. (no par)	.	...	14¾	14½	14¾	14⅞	295	15	9⅞
Do. pref.	7	7.69	91	91	91	91	20	91	88½
McKin. Ind., c. (no par)	.	...	18	18	18	18	25	21	18
Do. pref.	7	7.44	94	93¾	94	94	31	94	93¼
Massey-Harris, com.	.	...	115	95	109	97	26865	115	67½
Do. pref.	7	6.42	109	106½	108½	106½	588	109	103½
Ontario Steel, com.	4	5.36	..	...	...	...	...	78	73
Do. pref.	7	6.82	..	...	...	...	...	102½	102
Page Hersey, c. (no par)	$3	4.76	63⅛	62½	63⅛	64	1085	65½	55½
Do. pref.	7	5.46	128	127	127⅞	128	524	130⅛	116
Pressed Metals, com.	.	...	..	...	...	...	...	38⅝	34¼
Do. pref.	.	...	..	...	...	...	...	85	85
Russell Motor, com.	3	6.12	..	...	...	...	...	x50	39
Do. pref.	7	7.29	96	95	96	94	52	96	90⅛
Sawyer-Massey, pref.	.	...	..	...	...	...	...	5	5
Steel of Canada, com.	7	5.51	127⅛	126	126	127	1887	129½	117
Do. pref.	7	5.18	135	134	134	134¼	30	136	127
Milling and Foodstuffs—									
Alta. Pac. Gr., c. (no par)	.	....	27¼	25¾	27	25⅝	810	27¼	25
Do. pref.	7	7.67	91⅛	90½	90⅝	87½	815	91¼	87½
Arnolds, com. (no par)	.	....	23	22	22½	23	746	26	18
Do. pref.	7	7.91	88½	88⅛	88½	91	25	92	84
Atlantic Sugar, com.	.	...	29⅛	27½	28½	28	1160	30½	27½
Do. pref.	.	...	92	89¾	89⅝	92	135	92	90
B. C. Fishing	5	5.51	93¾	87¼	87½	91¼	3370	94½	73
Can. Bak., com. (no par)	.	...	29	28	29	29	50	33	28
Do. pref.	7	7.00	100	100	100	99	116	100	98
Can. Bread, c. (no par)	$5	5.31	94⅝	90	94	90	260	94¾	90
Do. pref. (A)	7	6.30	112	111½	112	111½	25	112	108½
Do. pref. (B)	7	6.48	109	108	109	107	64	109	103
Can. Canners, com.	.	...	35¼	29¾	35	29½	3606	35¼	21
Do. pref.	4	4.65	86	84	85¼	85	2345	86½	76
Canadian Salt	8	5.97	135	134	134	130	35	135	123
Christie Brown (no par)	$1.20	3.08	40	39½	39½	40	50	40½	38
City Dairy, c. (par $25)	$3+1	3.71	107¾	96¾	103¼	96	2963	107¾	79
Do. pref.	7	6.03	..	...	...	...	...	116	112
Cuban Can. Sugar, com.	.	...	2⅞	2¾	2¾	3½	50	4	2¾
Do. pref.	.	...	36	36	36	36	39	36	29
Wm. Davies (A) (no par)	.	...	30⅞	28½	30⅞	27	363	30⅞	25
Do. (B) (no par)	.	...	..	...	...	...	...	9	9
Dominion Stores (no par)	$2.40	3.20	75¼	70	75	70	2655	75¼	65
Hamilton Dairies, com.	.	...	25½	24¾	25¼	24	60	25½	24
Do. pref.	7	7.14	98	98	98	98	42	98½	96
Inter. Milling, pref.	7	6.54	104½	104½	104½	107	10	107	104
Lake of Woods, com.	12	7.54	160	159	159	160	47	160	150
Do. pref.	7	6.07	115¼	115¼	115¼	117	10	117	115
Loblaw, com.	$1.25	2.45	51	50½	50½	50	10	51	48
Do. pref.	7	6.54	107½	107	107	107½	54	108	107
Do. rights	.	...	2⅝	2½	2½	2½	177	2⅝	2
Maple Leaf Mill, com.	.	...	64	63	64	63	40	64	61½
Do. pref.	7	7.08	99½	99	99½	99	51	101¼	99
Ogilvie Flour, com.	5	2.04	245	245	245	240	155	250	205
Do. pref.	7	5.73	122	122	122	120¼	5	122	120¼
Pure Gold Mfg. (no par)	$2	10.00	20	20	20	20	125	20	19¾
Shred. Wheat (no par)	$3	4.70	65	57⅞	64	58	6576	65	55
St. Law. Flour, com.	.	...	30	30	30	30	131	31	30
Do. pref.	7	8.43	..	...	...	...	...	84	83
Viau Biscuits, com.	.	...	23	20	20	23	70	26	20
Do. pref.	7	8.14	..	...	...	...	...	88½	85½
Western Gros., c. (no par)	$1	...	27	27	27	26	25	29	23
Do. pref.	7	9.09	79½	79½	79½	77	75	84	74¼
W. Can. Fl., c. (no par)	$1.40	6.00	..	...	...	...	...	24¼	22
Do. pref.	6½	6.32	102¾	102	102	103	30	103	100
Utilities—									
Bell Telephone	8	5.44	153	146½	146⅝	148	1648	158½	137
Calgary Power	.	...	..	...	...	...	...	50	50
Consumers Gas	10	5.65	177	175	176½	176	46	177	171½
East Koot. Pr., com.	.	...	27	27	27	26	2	29¼	26
Do. pref.	7	7.10	98½	98½	98½	97	10	98½	97
Inter. Util. (A) (no par)	$3.50	...	31	31	31	31	40	31	28
Jamaica Pub. Ser., pref.	7	7.00	100	99	100	99	94	100	97
Laurentide Power	5	4.34	115	115	115	116	25	120	112½
Mackay, com.	7	5.57	126	125	126	125	180	127½	119
Do. pref.	4	5.55	74	71½	72	72	337	74	69¾
Mexican Light, com.	.	...	..	...	...	...	...	31	27
Do. pref.	.	...	100	90½	90½	95	75	100	77½
Mont. L H & Pr (no par)	$2	2.66	76¼	74½	74⅞	74¾	11001	76½	68½
Montreal Teleg. (par $40)	8	5.33	50½	50½	50½	50½	18	50½	49½
Nor. Mexico Pr., com.	1	...	57½	57	57	57⅞	125	59	42
Do. pref.	7	8.23	85	85	85	85	20	86	82½
Ottawa & Hull Pr., com.	.	...	28	28	28	28	3	28	28
Do. pref.	7	7.21	97	97	97	99½	40	99½	96
Ottawa L. H. & Pr., com.	6	5.94	101	101	101	100	30	101	98½
Do. pref.	6½	6.19	105	105	105	104	2	105	102
Quebec Power, com.	6	2.64	227	226	226	226	1198	230¼	190
Shawinigan	$2	2.89	69½	68	68⅞	68⅝	8531	69¾	67
South. Can. Pr., com.	2	2.26	90	88½	88½	89	58	90	89
Do. pref.	6	5.95	101½	100¾	101½	100½	95	102	100
Transportation—									
Can. Pacific Rly.	10	5.26	190	186	190	185½	544	190	166
Can. Steamships, com.	.	...	39	37	39	38½	1310	39¼	35
Do. pref.	1½	6.81	88	87¼	87½	88	1023	89½	82½
Do. voting	.	...	37¼	33	37¼	33	480	37¼	32½
Tractions—									
Barcelona (par $50)	.	...	40	40	40	40⅛	50	42	33¼
Brazilian, com.	6	4.96	121⅛	119	120¾	119¾	44793	121⅛	102½
Do. pref.	6	5.46	109¾	108⅛	109	108½	370	109¾	104
Detroit Un. Rly.	.	...	2	2	2	2¾	20	2⅝	2
Duluth-Superior	.	...	..	...	...	...	...	27½	27
Illinois Traction, pref.	6	...	..	...	...	...	...	x100½	96½
Montreal Trams.	10	5.55	180	176	176	175¼	15	180	169
Ottawa Traction	4+1	7.57	66	65	66	66	12	68	64
Porto Rico Rlys., com.	2	2.86	69¾	69¾	69¾	69¾	60	70⅝	59
Do. pref.	7	7.52	93	93	93	93	5	93	90
Twin City, com.	5	7.69	66	60	64¾	64	1314	66	60¾
Do. pref.	7	7.00	..	...	...	...	...	100	100
Winnipeg Elec., com.	1	...	63⅞	63	63¼	63¾	1266	66½	60¾
Do. pref.	7	6.76	104	102⅞	103½	103	157	104	100¾
Textiles—									
Can. Conn. Cotton, pref.	4	9.52	42	42	42	50	5	50	36
Can. Converters	7	6.93	102	100	100	102	120	102¼	100
Can. Cotton, com.	8	6.50	..	...	...	...	...	125	120
Do. pref.	6	6.08	99½	99½	99½	100	46	100	95
Can. Woollens, com.	.	...	..	...	...	...	...	10	6
Do. pref.	.	...	63	62½	62¾	63	225	63	60
Cosmos Imp., com.	.	...	18⅞	15	18	15	5184	18⅞	13
Do. pref.	4	4.21	96	93	96	93	550	96	91¼
Dom. Textile, com.	5	4.54	111	109	111	109½	8510	111	105
Do. pref.	7	5.95	..	...	...	...	...	120½	117
Monarch Knit., com.	.	...	..	...	...	...	...	7½	7½
Do. pref.	.	...	..	...	...	...	...	54	50
Montreal Cottons, com.	6	5.31	113	113	113	112	19	115	110
Do. pref.	7	5.93	118	118	118	117	14	118	115
Penmans, com.	8+2	4.62	217½	215¾	215⅝	217¾	362	218	182¼
Do. pref.	6	5.88	..	...	...	...	...	103	101½
Wabasso Cotton	6	5.26	115	114	114	116	45	116	100½
General Industrials—									
Amer. Sales, c. (par $20)	4	5.47	73	71	73	70	265	73	67
Do. pref.	7	7.10	98½	98	98½	98	124	98½	97½
Asbestos Corp., com.	.	...	22½	21¾	22	23	1121	24¾	21⅝
Do. pref.	7	8.28	87½	84	84	85⅝	1073	87½	82¾
Building Products, pref.	7	7.29	..	...	...	...	...	96	93½
Brant. Cd., pf. (par $25)	8	8.88	22½	22	22¼	22½	128	23⅝	21
Burt, F. N., com.	12	4.83	65¼	61½	62	61½	1010	65¼	58
Do. pref.	7	3.33	..	...	...	...	...	x210⅛	210½
Canada Cement, com.	6	4.41	138	135	138	137½	1874	139	124½
Do. pref.	7	5.83	120	119½	119¾	119	114	120¾	117
C. Ind. Alc. (no par)	$1.28+20	4.74	28	26	26½	26	23495	28	21¼
Canadian Oil, com.	5	4.00	..	...	...	...	...	125	99
Do. pref.	8	6.83	117	117	117	117	36	118	115½
Crow's Nest Coal	6	9.30	64½	64½	64½	63½	35	66⅛	63½
Dom. Glass, com.	7	6.60	106¾	105½	105½	106¼	345	108	104
Do. pref.	7	6.19	..	...	...	...	...	114½	112
Dom. Rubber, pref.	7	8.75	..	...	...	...	...	x87½	80
East. Theat. c. (par $25)	.	...	29	28	29	28	195	30	24
Do. pref.	7	7.86	95	95	95	95	10	95	94
Famous Players, com.	.	...	30	28½	30	28½	65	30	20
Do. pref.	8	8.12	98½	97¾	97¾	98	70	101	93¾
Gilman, com.	6	4.91	..	...	...	...	...	x127⅛	104½
Do. pref.	7	5.60	..	...	...	...	...	125	125
Goodyear Tire, pref.	7+3½	6.57	109	101½	105	101½	897	109	94½
Holt, Renfrew, com.	.	...	43	43	43	43	10	43	43
Do. pref.	7	7.77	..	...	...	...	...	90	85
King Ed. Hotel	.	...	..	...	...	...	...	29¼	20
Lyal Construction	.	...	45	45	45	45	35	45¼	35¾
Loew's, com.	.	...	..	...	...	...	...	40	38
Do. pref.	7	7.10	..	...	...	...	...	102	96½
Nat. Brew. c. (par $25)	4	5.75	69½	68½	69	68½	1952	71⅝	65
Do. pref.	7	6.42	108	108	108	109	17	110	105
National Brick, com.	.	...	..	...	...	...	...	10	8
Do. pref.	7	10.00	72½	70	70	78	218	81	65
Pacific Burt, com.	6	6.81	..	...	...	...	...	89	88
Do. pref.	7	6.60	..	...	...	...	...	108	106
Port Hope Sanitary, com.	3	2.30	130	130	130	125	40	130	125
Do. pref.	7	6.60	..	...	...	...	...	106	90
Rogers, Wm., com.	.	...	75	72	74	70	200	75	64
Do. pref.	7	7.29	96	95¼	96	94¾	70	98	92
Seagram (no par)	.	...	26⅜	23¾	25	24	55927	26⅞	15
Sher-Williams, com.	6	4.00	150	150	150	150	50	152	142
Do. pref.	7	5.88	120	119	120	118	40	120½	118
Sterling Coal	4	11.11	..	...	...	...	...	36	36
Tooke Bros., com.	.	...	..	...	...	...	...	x8	8
Do. pref.	.	...	..	...	...	...	...	89	82
Tuckett Tobacco, com.	4	5.63	72	71	71	72	9	72	69
Do. pref.	7	6.63	106¼	105½	105½	105	48	106¼	104
Woods Mfg., com.	.	...	..	...	...	...	...	45	40
Do. pref.	7	8.75	80	80	80	80	120	89	80
Trust and Loan—									
Can. Landed (par $50)	10+1	5.50	100	99½	99⅞	100	62	100	94
Can. Permanent	12	5.45	220	219	219	219	25	221	216½
Colonial Invest.	6	...	..	...	...	...	...	7	6½
Huron & Erie	7+½	5.39	..	...	...	...	...	139	139
Landed Banking	9	5.59	..	...	...	...	...	161	161
Montreal Loan (par $50)	12+1	6.50	..	...	...	...	...	x50½	50
National Trust	12	5.00	..	...	...	...	...	255	232
Do. Rights	.	...	..	...	...	...	...	25	20
Ontario Loan (par $50)	11	4.70	..	...	...	...	...	117	111
Real Estate Loan	7	7.00	..	...	...	...	...	100	100
Toronto Gen. Trusts	12	5.26	..	...	...	...	...	228	220
Toronto Mtge. (par $50)	10+1	5.44	..	...	...	...	...	101	100
Union Trust	7	6.48	108	108	108	104	10	108	104

CURB AND UNLISTED MARKETS

	Div. Rate	Yield Feb. 28	High for wk.	Low for wk.	Close Mar. 1	Close Feb 22	Sales for wk.	Range, 1927 High	Range, 1927 Low
Anticosti, pref.	7	7.14	98	98	98	98¾	10	98¾	98
Attendu Engine (par $2)	.	...	17⅛	16¼	17	17	780	35½	15
Asbestos Warrants	.	...	..	...	...	...	...	34½	34¼
Beacon Oil	.	...	20⅝	18	20⅝	18	1122	20¾	18
Belding, com.	6	7.89	78	76	76	82	25	88	76
Do. pref.	7	7.00	..	...	...	...	...	100	100
Brit. Amer. Oil	80c	...	24⅛	23	23½	22½	15140	24¼	20
Can. L. & Power	.	...	20⅝	20	20⅝	21½	29	23	20
Brew. & Distil. (par $5)	.	...	4½	4⅛	4½	4⅝	20	5¼	4½
Can. Brewing	.	...	30	23	27¼	26⅝	170	30½	26¾
Can. Nor. Pr., c. (no par)	.	...	51	51	51	51	15	52	42
Do. pref.	7	7.07	99	99	99	99	80	99½	98½
Cockshutt, pref.	4	5.51	75⅝	72	74	75	518	77	72
Continental Oil	$1	4.76	21	20⅝	20⅝	21½	245	22¼	20
Cosgrave Brew. (par $10)	5	6.25	8	7⅝	8	7⅝	2145	8	7
Cooksville Shale Brick, c.	.	...	..	...	...	...	...	10⅝	10⅝
Do. pref.	4	...	..	...	...	...	...	50½	50½
Com. Alcohol	.	...	54	52	54	54	50	54	49½
Dom. Engineering	$3	2.00	150	150	150	150	27	157	135
Dryden Power (no par)	.	...	13	12¼	12¼	12⅝	240	15½	11½
Eastern Dairies (no par)	.	...	22½	22	22	21½	159	22⅝	20½
Do. pref.	7	7.44	94	94	94	96½	25	96½	94
Eng. Elec., com. (no par)	.	...	15	15	15	16	25	16	15
Do. pref.	.	...	75¼	75¼	75¼	75	5	75¼	72½
Good. & Worts (no par)	$1	1.72	58½	55	55⅝	57¼	12253	58½	43
Hiram Walker	.	...	42	37	37	40⅝	16349	42	28½
Illinois Power, pref.	7	7.00	100½	98	100½	99½	117	100	98
Imperial Oil	$1+12½	2.48	45	44	44¼	44⅞	6978	46¼	37⅝
Imp. Tobacco, c. (no par)	6	...	7	6⅞	6⅞	7	390	7½	6⅞
Inter. Petroleum	75c	2.27	33⅝	32⅞	33	33¼	3130	35¼	32
Manitoba Power (no par)	.	...	56	56	56	57½	110	58½	50
McColl, com. (no par)	80c	2.85	28	26¾	27¼	27⅞	1307	28½	22½
Do. pref.	7	6.69	105	104	105	104½	190	105	100
Mount Royal, com.	.	...	..	...	...	...	...	6	4½
Do. pref.	.	...	..	...	...	...	...	55½	54
North Star Oil, com.	.	...	200	200	200	160	550	200	115
Do. pref.	7	...	495	490	490	495	200	501	490
N.S. Car, com.	.	...	23	22½	22⅞	23	100	25	18¼
Ott. Mtl. Pr., c. (no par)	.	...	20	18¾	18¾	20	11	20	18⅝
Do. pref.	7	7.29	..	...	...	...	...	48⅝	47½
Ottawa Riv. Pr. (no par)	.	...	26	26	26	25	17	26	25
Paton Mfg., com. (no par)	.	...	..	...	...	...	...	56	55
Do. pref.	.	...	..	...	...	...	...	100	99
Power Corp., c. (no par)	.	...	28½	28	28	28⅛	87	29¾	28
Do. pref.	6	6.18	97	97	97	97½	5	97½	94
Port Alfred, pref.	7	7.17	97⅝	97½	97½	97⅝	77	97½	96
Que. South Pr. (no par)	.	...	..	...	...	...	...	28½	25
St. Maur. Power	.	...	97	96	96	96	138	98	96
St. Maur. Valley, com.	.	...	50	50	50	50	118	56½	50
Do. pref.	7	7.17	97¼	96	97¼	97	45	98	95
Simpson, Robt., pref.	6	5.97	..	...	...	...	...	100½	100½
Sovereign Secs. (par $5)	.	...	..	...	...	...	...	200	200
St. Law. Pap., c. (no par)	.	...	..	...	...	...	...	54	44
Do. pref.	8	7.58	105½	105½	105½	105	25	108	105
Standard Clay Prod.	.	...	40	40	40	39	13	40	39
Toronto Dairy	.	...	..	...	...	...	...	90½	90½

	Div. Rate	Yield Feb. 28	High for wk.	Low for wk.	Close Mar. 1	Close Feb. 22	Sales for wk.	Range, 1927 High	Range, 1927 Low
Toronto R.S.	.	...	150	150	150	150	30	150	150
United Secs., com.	.	...	..	...	...	...	...	51	50
Do. pref.	6	5.71	105¼	105	105	105	30	105¼	104
Volcanic Oil	63c	...	..	...	...	...	...	39	37
Venezuelan Pete. (par $5)	.	...	..	...	...	...	...	7½	6⅝

x Quotations for 1926. No sales recorded in 1927 to date.

The Royal Bank of Canada

Head Office, Montreal

Condensed Statement to the Dominion Government

January 31, 1927

LIABILITIES

Capital Paid up	$ 24,400,000.00
Reserve Fund	24,400,000.00
Undivided Profits	1,409,674.58
Notes in Circulation	34,965,308.94
Deposits	596,966,766.79
Due to other Banks	23,342,940.83
Bills Payable (Acceptances by London Branch)	4,965,073.86
Letters of Credit outstanding	33,231,277.46
	$742,701,632.56

ASSETS

Cash on Hand and in Banks	$ 97,891,070.11
Deposit in the Central Gold Reserves	12,000,000.00
Government and Municipal Securities	94,434,288.42
Railway and other Bonds, Debentures and Stocks	13,768,278.85
Call Loans in Canada	30,387,513.16
Call Loans elsewhere than in Canada	66,360,507.01
	$319,841,657.55
Loans and Discounts	370,382,956.85
Liabilities of Customers under Letters of Credit as per contra	33,231,277.46
Bank Premises	14,586,754.08
Real Estate other than Bank Premises	2,074,868.21
Mortgages on Real Estate sold by the Bank	1,339,118.41
Deposit with Dominion Government for Security of Note Circulation	1,245,000.00
	$742,701,632.56

874 BRANCHES IN CANADA, NEWFOUNDLAND, WEST INDIES, CENTRAL and SOUTH AMERICA, also LONDON, NEW YORK and BARCELONA.

Auxiliary: THE ROYAL BANK OF CANADA (France)

Patent Rights for Sale

on the

"AUTOMATIC FIRE SIGNAL"

Patented in Canada 1927, Reg. No. 309938

Inventor offers Canadian Patent Rights (outright) on the Automatic Fire Signal—an invention that has been recognized by the New Brunswick Fire Underwriters' Association. Only reason for selling is inventor's ill-health.

Note to Investors and Promoters—Descriptive Illustrated Booklet Gladly Mailed on Request.

Address:

Dr. J. McI. Smith—Pugsley Bldg.—Saint John, N.B.

New Issue

All Common Stock

3800 Shares of Sleeman's Spring Bank Brewery Co. Limited

ESTABLISHED 1850

NO BONDS

GUELPH, ONTARIO

NO PREFERRED STOCK

Incorporated under the Companies Act of the Dominion of Canada

Capital $500,000.00, divided into 5,000 shares, par value of $100.00 each.

DIRECTORS

Colonel R. P. Rodgers, D.S.O., Woodstock, Ontario.
Harry O. Sleeman, Brewer, Guelph, Ontario.
John J. Maylor, Merchant, Forest, Ontario.
Major Charles Black, Toronto, Managing Director.
Clifton H. Moore, Druggist, Cobalt, Ontario.

BANKERS

Canadian Bank of Commerce, Toronto.

REGISTERED OFFICE

707 Temple Bldg., Toronto

SOLICITORS

Hunter and Hunter, 707 Temple Bldg., Toronto.

AUDITORS

H. T. Jamieson, C.A., Royal Bank Bldg., Toronto.
Edward Sleeman, C.A., Guelph, Ontario.

TRANSFER AGENTS

Union Trust Co., Ltd., Toronto

The Company

This Company has been formed for the purposes as set forth in the Charter of Incorporation, to acquire and operate the well-known and old-established business of the Spring Bank Brewery, located in Guelph, Ont. This business was established in 1850 and is one of the oldest and best known breweries in Canada. It has the distinction of being the only brewery in Canada which does not pay any water rates in the Municipality in which it is located.

Product Unexcelled

To successfully brew the best grades of Ales, Porter, etc., it is essential that the water forming the base of these products be pure and unadulterated. The Company has received from the Department of Health of the Ontario Government an analysis of the Spring water which supplies the brewery showing that this water is absolutely pure and free from bacilli.

Breweries are built around springs—not around Cities. As an illustration, such famous breweries as Bass and Worthington, located in Burton-on-Trent, Younger's, Edinburgh, Scotland; Tennant's, Glasgow, Scotland and Guinness, Dublin, Ireland, were built on sites specially selected on account of the natural spring water which occurs at all these places. Sleeman's Spring Bank Brewery was located at Springbank for the same identical reason.

Going Concern

The brewery is being taken over as a going concern, and the present equipment, capable of turning out one hundred and twenty barrels per day, is now being, with very small expenditure, increased to allow for a maximum capacity of two hundred barrels per day, and should conditions warrant, the foregoing capacity can be doubled or trebled to meet the requirements of the market. The products of this brewery are too well known to need any further comment.

Profits

With a production of two hundred barrels per day, at an estimated profit of $2.50 per barrel, this amounts to $150,000.00 per year, or thirty per cent. on the entire capital of the Company, being a very conservative estimate.

Management

The Company has contracted for the services of Mr. Harry O. Sleeman, as Master Brewer. Mr. Sleeman, for many years, has been associated with the best practice in brewing. The Company has also been very fortunate in obtaining the services of Major Charles Black, who has had twenty-five years' experience in the brewing trade in England and Scotland, and is well known for his successful and economic management. It is confidently anticipated that with its favorable history and present capable management, this brewery will prove to be an outstanding success.

Appraised Value

The appraised value of this Company's Assets have been fixed at $381,000.00, including brewing license, which has been valued at the nominal figure of $5,000.00 only. The Company will own the property free from all encumbrance and will have available as working capital $215,000.00. Thus, it is apparent that the Company will commence business under the most favorable auspices; and having regard for the favorable conditions and the limited amount of stock to be offered, the shares of this Company should prove highly remunerative to the investor.

Applications for stock will be considered in the order received. In case of over subscription applications not alloted will be returned in full.

ASK YOUR BROKER.

PRICE $100.00 PER SHARE

Make Cheques Payable to the Company.

Sleeman's Spring Bank Brewery Co. Limited
707 Temple Building, Toronto

(SYNOPSIS FROM CHARTER DATED JANUARY, 1927)

The purposes for which incorporation is sought by the applicants are:

1. To purchase, acquire and take over as a going concern the undertaking known as Spring Bank Brewery situated in the City of Guelph, Ontario, together with the Buildings, land, plant and equipment with all the privileges and appurtenances.
2. To carry on the business of Brewers and Maltsters in all their branches and of Importers, Distributors and Dealers generally in Ales, beers, porter, stout and all similar articles including aerated waters and mineral waters and other beverages and also in connection therewith the business of Custom House Brokers, Warehousemen, Forwarders, Carters and other like businesses and to manufacture, buy, sell and generally deal in any wares, merchandise, articles or effects directly or indirectly relating to any of the said businesses, including barrels, casks, bottles, corks and other like articles connected therewith.
3. To manufacture, buy, sell, deal in, distribute, store, warehouse and export whiskeys of all kinds, high wines, alcohol, and spirits and gins of all kinds and all kinds of distillery products and by-products thereof, to carry on the general business of distilling, redistilling and rectifying high wines, spirits and alcohol and of compounding and blending of gins and whiskeys of all kinds: to manufacture, buy, sell and deal in, store, warehouse, distribute and export grain, molasses and all articles used in connection with the operation of a Distillery and to manufacture, sell, deal in, distribute, store, warehouse and export all products or by-products of such articles: to do a general warehouse and storage business.
4. To buy, manufacture, sell and deal in malt and malt extracts and syrups and malt extracts product of all kinds and all products of a kindred nature and that either wholesale or retail.
5. To carry on the business of Hotel, Restaurant, Cafe, Tavern, Saloon, Beer House, Refreshment Room, Refreshment Booth, grounds and places of amusement and recreation, sport and entertainment where any of the articles manufactured or dealt in by the Company may be offered for sale.

Pulp & Paper

HOWARD SMITH EARNS 7.62% ON COMMON STOCK

Gross and Net Up $100,000 and Report Reveals All Round Betterment

From Our Own Correspondent.

MONTREAL. — An increase of $100,000 in both gross and net profits is revealed in the annual report of the Howard Smith Paper Mills for the 1926 year. The amount earned on the common shares was the largest since 1921.

The improvement in the company's earning power and the betterment in the working capital position is revealed in the following comparison of figures over the past three years:

	1926	1925	1924
Op. prof.	$847,412	$742,762	$717,928
Sund. rev.	7,936	9,676	9,648
Total inc.	855,348	752,438	727,576
Bond int.	313 062	304,289	269,985
Gen. int.	32 614	45,010	59,5'7
Deprec.	100,000	100 000	100,000
Net prof.	409,672	303,139	298,044
Pref. divds. ...	127,976	127,976	120,000
Balance	281,696	175,163	178.044
Com. divids. ..	....	....	92 342
Surplus	281,696	175,163	85,702
Prev. surp.	175,163	85,702	....
Total	456,859	260 865	85,702
To reserves	170,000	85,702	....
P. and L. bal...	286,859	175,163	85,702
% earned on common ..	7.62	4.74	4.82

Working Capital

	1926	1925	1924
	$	$	$
C. Assets	1,961,140	1,936.554	2,127,719
C. Liabs.	543,917	628,235	901,678
Net W. Capital	1,417,223	1,308,319	1,226,041

Balance Sheet Figures

The balance sheet reveals a reduction of over $100,000 in the bank loan account and a material reduction in accounts payable. The depreciation reserve now stands at $2,423,620 as compared with $2,153,620 at the close of the 1925 year. The surplus account has increased by the amount revealed in the foregoing figures.

In his remarks to shareholders, President C. Howard Smith states that sales for the year showed an increase of $589,945 over those of 1925. Business throughout the year was at a fairly high level, and the plants were kept running on a more satisfactory basis than in the previous year.

During the year, he adds, the company became interested in the organization of a company known as the Canadian Cellulose Company, for the manufacture of bleached soda pulp, which company has erected a plant on property adjacent to the company's plant at Cornwall, Ont., and which is expected to be put into operation during the early part of 1927. The product of the new plant will be used to a large extent by Howard Smith Paper Mills.

Position is Improving

The balance sheet indicates clearly the improving position of the company, which has been brought about by better business conditions and also by the management's policy to extend and to broaden the lines of manufacture and to endeavor to supply to the trade most of the lines of paper that heretofore have been imported.

The specialty papers which Howard Smith Paper Mills now make are the equal of those produced anywhere and are rapidly taking the place of the imported goods. This department of the company's activities requires the highest skilled papermakers and a considerable amount of special adjustment to the machines.

The balance sheet reveals an increase in the capital account of $323,690, which completes the programme laid out by the executives some years ago; the mills are now at a high pitch of efficiency. During the past year also, considerable improvement has been made in the operations which will reduce the cost of manufacture.

The Capital Expenditure

Some of the company's capital expenditure was made in improving and opening up its timber limits at Gaspe.

The subsidiary company, the Canadian Cellulose, which manufactures pulp by the soda process, uses as its raw material such woods as poplar, birch, and jack pine, which hitherto have not been used for pulp. The pulp which the subsidiary turns out has long been required by the parent organization and should add materially to the quality of its paper as well as to reduce the actual cost of manufacture.

The export business of Howard Smith Paper Mills is increasing in a satisfactory way and its product is being sold in twenty-seven countries; sales in each country are increasing. Imports of high-grade paper into this country are diminishing, and most of that imported at the present time in competition with the Howard Smith grades is largely brought as a matter of sentiment and not bought for its superior quality.

The company will not resume dividends on its common stock until such time as these disbursements can be initiated with every confidence of their maintenance in the future.

Price Brothers Mill Tries New Method

From Our Own Correspondent.

MONTREAL. — In its Kenogami plant, Price Brothers and Company are testing out a new type of newsprint machine in which the drying rolls of the machine have been decreased by 50 per cent. This means apparently a saving in first cost of around $500,000 and an addition annual saving in the amount of steam required to dry the paper.

One of the older machines has been changed over to produce paper in this way; if it proves successful, the company will be able to install two new machines of this type in its Riverbend mill, which is being enlarged to a capacity of 400 tons of newsprint daily.

Laurentide Merger Now Seems to be Distant

From Our Own Correspondent.

MONTREAL.—The shares of the Laurentide Company have been slowly sagging. In some quarters, an attempt has been made to ascribe the weakness in the stock to some mysterious influence—but there is nothing mysterious in the decline.

The shares of Laurentide have been selling out of line with some of the other strong leading newsprint companies. The reason why its shares have been in better demand was due simply to the continuance of the rumors indicating that the company was shortly to enter a merger either with International Paper or with the St.Maurice Valley Corporation. Tipsters have endeavored to keep such rumors alive, but they now appear to be dying their belated deaths.

It is but natural then, that Laurentide stock should sag to a price which would make it just as attractive as the other large newsprint companies and to a price which does not discount the possibility of a merger. No doubt, the Laurentide property is attractive to the other newsprint producers, but the possibility of a merger now seems to be more remote. It is said that offers have recently been made and turned down by the management.

Gatineau Power Acquires More Large Power Sites

From Our Own Correspondent.

MONTREAL. — The Gatineau Power Company has acquired the Papineauville Electric Company which now serves the towns of Papineauville, Montebello, Fassett and Ripon, P. Q., and other municipalities in the district. The property comprises a 1,200 horsepower hydro-electric plant at Ripon and three other power sites with a total potential capacity of 25,000 horsepower.

The company now has two 34,000 horsepower units ready for operation in its Chelsea plant. The machines will begin to supply power to the Gatineau newsprint mill of the Canadian International Paper Company about the middle of this month. A third unit is being installed at the Chelsea plant.

At the Farmers Rapids development, the first unit of 24,000 horsepower will be generating electricity about the end of March; the second about April 15 and the third about the end of May.

Canadian Celanese Shares Fetch Good Price Abroad

From Our Own Correspondent.

MONTREAL.—Some of the common shares of the Canadian Celanese, Limited, have already changed hands in London at a price equal to about $38 to $40 per share. This price is considered excellent, as the company has not yet commenced production. The demand for the shares of the Canadian Celanese, Limiparent company, British Celanese, Limited, and its American subsidiary have met with such success in their markets and the same results are evidently anticipated by the buyers of the stock for the Canadian plant which goes into operation two or three weeks hence and will begin to place the domestic celanese on the Canadian market.

SCIENCE and SURFACES
with regard to bond papers

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To appearances the sheet may be good—its color—writing surface, thickness, strength and finish — all that could be desired—to-day. But what of to-morrow—ten, twenty, thirty years hence. Will it then be paper or powder?
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Science tells us how to make a bond paper but it is experience in the application of science that results in the Art of making a bond paper on whose surface written records that must live throughout the years may safely be entrusted.
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THE ROLLAND PAPER COMPANY LIMITED
MONTREAL, P. Q.

ST. LAWRENCE PAPER SHARES MUCH WEAKER

Common Stock May Have Over Discounted Newsprint Situation

From Our Own Correspondent.

MONTREAL.—While the shares of most of the newsprint companies have weakened decidedly during the past six weeks, the common stock of the St. Lawrence Paper Mills, which is now selling at 43, seems to have experienced more than its fair share of the prevailing hesitancy in market for newsprint securities. Before the close of 1926 the common stock sold as high as 60 on the Montreal Curb Market and the decline of 17 points, figured on a percentage basis, makes such a drop entirely out of line with the other newsprint producers.

Probably the weakness in the stock lies solely in the fact that it is not widely distributed and a wide market is not maintained furthermore, the market for the shares fluctuates solely on a supply and demand market and no effort whatever is made to stimulate public interest in the stock.

Might be Affected

Like all the other newsprint companies, St. Lawrence might be affected to some extent by the present hesitancy in the demand for newsprint, but at the same time it is said that the output has been sold for the current year; coupled with this is the fact that it more than doubled its rated capacity at the beginning of 1927 and its two new machines are in operation and turning out paper satisfactorily.

Last year, the company earned $4.71 a share on its common stock, and its rated capacity was but 150 tons daily. This year St. Lawrence Paper has a capacity of 320 tons daily, so that while the stock may, or may not go lower, the present price looks satisfactory to the prospective shareholder who would be willing to hold his shares until the present uncertainties in the newsprint market have been eliminated. Moreover, while the company's capacity has increased, the amount of stock outstanding has remained stationary.

Ontario Steel Products May Transfer its Plant

From Our Own Correspondent.

MONTREAL.—The management of the Ontario Steel Products is contemplating removing its steel shovel plant from Gananoque to either Montreal or Toronto. If this be carried out, it is possible that further financing might be undertaken. On the face of it, this would mean that the company would expend several hundred thousand dollars on new property, plant and equipment. It is not known whether the financing required would involve a further issue of bonds or whether profits and liquid capital would be utilized for this purpose. Should the company plough back earnings in this fashion into plant, those shareholders who have been anticipating increased disbursments would be temporarily disappointed.

COMPLETE ORDER

Besco Ships Last of British Coal from Louisburg

From Our Own Correspondent.

SYDNEY.—The last shipments of the British coal orders which have kept the Besco mines working with unwonted regularity this winter have been sent overseas from Louisburg. Louisburg port is open and overseas navigation remains unhampered.

Over 100,000 tons of coal are in the Besco bank at Sydney, and it is not believed any further extensive banking at New Aberdeen will be undertaken before the opening of St. Lawrence navigation.

Canada Cement Company To Develop Gypsum Mine

From Our Own Correspondent.

MONTREAL. — The Canada Cement Company is shortly to commence extensive gypsum mining near Antigonish, N. S. Some twenty-four properties have been acquired by the company and work will be commenced in the spring as soon as the frost is out of the ground. The construction work on the property will include shipping piers, a storage plant, a crusher and railway lines to the quarry. It is anticipated that within a year or two the company will have docks which will take a 10,000 ton steamer at low tide.

When mined, gypsum is valuable in the manufacture of wall plaster and plasters of various kinds. The mineral is largely sold in Canada, but a certain quantity also goes to the United States and a good market has been developed in the Antipodes.

Standard Clay Products Experiences Better Year

The financial statement of Standard Clay Products, for the year 1926, shows operating profits of $130,797, as compared with $125,827 one year ago. Bond interest required $45.000 and after $51,769 was written off for depreciation, the sum of $31,027 was transferred to surplus account. Earnings for 1926 amounted to 4.13 per cent. on common stock, against 3.86 per cent. in 1925.

Total current assets amount to $400,390, and current liabilities $13,163, leaving net working capital of $387,227, as compared with $368,061 the previous year, a gain of nearly $20,000.

The company continues to reduce its bonded indebtedness year by year. The company has no indebtedness to the bank and the goodwill account amounting to $50,000 has been eliminated and written off surplus account.

Industrial Alcohol Will Have Very Good Year

From Our Own Correspondent.

MONTREAL.—The shares of the Canadian Industrial Alcohol Company have been showing greater strength of late, due no doubt, to the fact that the stock has been selling out of line with many of the other distilling issues. How greatly out of line the shares are, will be the better realized when it is remembered that the earnings of the company for the first quarter of the present fiscal year have been practically sufficient to take care of the dividend requirements for the full twelve months' period—at least, this is what is generally understood. Indications are said to point to even better business for the company, which would mean that earnings at the close of the fiscal year should be in the neighborhood of four times the dividend requirements.

Sea Fisheries in January Result in Smaller Catch

The total catch of sea fish on both coasts of the Dominion during the month of January was 40,309,800 pounds, valued at $613,043, compared with 53.021,900 pounds valued at $751,528 in January. 1925.

The total catch of cod, haddock, hake and pollock on the Atlantic coast was 7,095,700 pounds, compared with 4,260,100 pounds in the preceding January. Each of these kinds show an increase in the catch, notably cod, which is double that of the preceding January.

On the Pacific a considerable decrease is noted in the catch of herring, 27,800,400 pounds being taken during the month under review, as compared with 43,194,000 pounds during the same month of the year previous. The majority of the catch was dry salted for the Oriental trade. Salmon catch increased from 48,800 pounds to 87,100 pounds.

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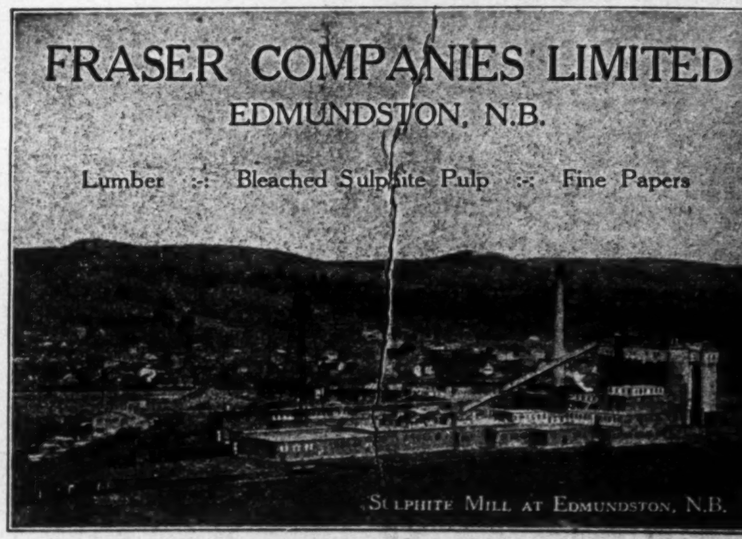

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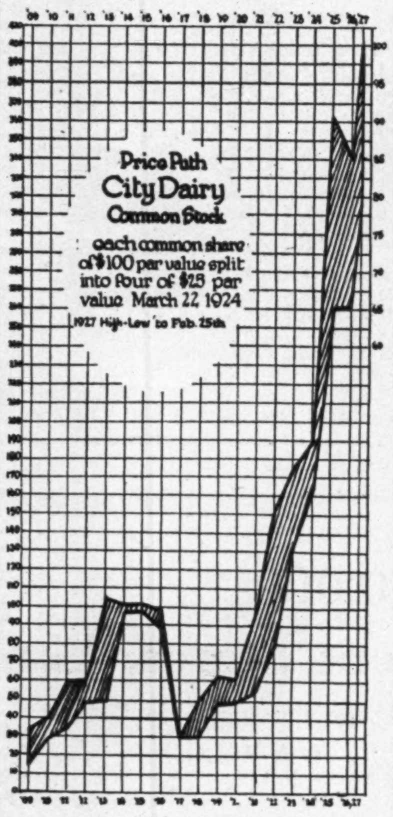
City Dairy is Example of Common Stock With High Factor of Safety

Yield Low at Current Price But Future is Assured

BIG PROFITS IN PAST

Share Bought Before War at $15 Now Yields $16 Return Each Year



Well-selected common stocks offer the best opportunity for investment profit. Not so many years ago, common stocks were looked on as so highly speculative that investment could not be recommended except for insiders in the business concerned. But recently has come a new view, experts in investment contending that, in some respects, a common stock, if it confers on its holder the privileges which properly are accorded it, is often a better investment than the preferred of the same company.

It is necessary, of course, to examine each stock individually, as it is always necessary to examine a bond before investment. But it is well to remember that some common stocks are better than some classes of bonds, both as regards yield and safety of principal.

Examine Senior Issues

The investment value of a common stock depends in some degree on the amount, number and variety of the securities which have prior claims on earnings. Most industrial companies are endeavoring gradually to retire senior securities. But the existence of bonds or preferred stocks, if not out of proportion to total assets and aggregate earning power, should not deter investment in the common stock, especially if it is the policy of the management to finance expansion out of earnings as well as to amortize outstanding bonds and possibly to redeem the preferred stock.

Holders of the common of City Dairy, Toronto, have profited handsomely over a term of years. City Dairy is an example of a company in which investment in the common gives more than the average degree of assurance of safety of principal and adequate return at even the present market value. This is assuming that the purchaser is willing to be patient. City Dairy is a company which sells essential and popular commodities in a growing community. Its management is capable. These two facts qualify the common stock of the company to be classed a conservative investment in which there is a good opportunity for profit in a long hold and safety of principal in the meantime.

Management is Good

Importance of management was never more strikingly illustrated than in City Dairy. S. J. Moore, chairman of the board, remarked at the annual shareholders' meeting recently, that the company was financially "impregnable." This position has been achieved in a comparatively brief space of time. Dividends on the preferred were passed in the latter part of 1916 and arrears were not paid until 1921. Early in 1916 dividends on the common ceased and were not resumed until 1921.

Under the present management the company has made remarkable progress. It has gone forward year after year despite an increase in competition. It is true that the territory it serves has been growing, but the growth in competition might have injured the company if the management had been less capable.

City Dairy's report for 1926, recently published, showed earnings of $10 the share on the common of $25 par value, after payment of preferred dividends. There is no funded debt. Outside investments total $1,157,772, an increase of $105,201 in a year and there has been a liberal writing down of real estate, plant and equipment. Plant and equipment are thoroughly up-to-date. Total assets are set at the conservative figure of $2,238,654.

Capital is Low

City Dairy capitalization is conservative also. The outstanding common has a par value of only $565,000, although the stock market values it at more than four times that figure, and the 7 per cent. preference has a par value of $700,000. City Dairy owns the entire outstanding capital of Dri-Milk Co. It carries this asset on the books at $1, although last year it brought the parent company $67,000 in dividends.

As will be seen from the accompanying chart, City Dairy is one of those common stocks which has brought the fortunate buyer at low prices handsome profits. The buyer at $15—at which figure City Dairy once sold on the par value of $100—last year would have had returned to him $16 in dividends and he would be holding certificates with a market value of about $400.

The present yield on City Dairy common is very low, although the 1926 dividend, with the $1 extra, was 16 per cent. on the par value of $25. The management is known to discourage the idea of greater yields in future, but the stock market serenely is pushing up the price of the stock. The reason is that this is a common stock which is being bought by investors, not on current yields, but on future. City Dairy is expected to have a happy, not so brilliant, future. It is believed that purchase at even the existing high figures will result in appreciation of principal. That, after all, is more important than current yield.

C. I. P. BOARD MEETS

MONTREAL.—The board of directors of the Canadian International Paper Company held its first meeting recently when the members of the Board were made acquainted with the company's activities, not only in Canada, but also in the States where new properties are also being acquired and developed.

Coal and Steel Men Are Sydney Mystery

From Our Own Correspondent.

SYDNEY.—Considerable mystery surrounds the appearance in this district of five coal and steel experts from Upper Canada and the United States who have been here for several days.

It is generally understood that they are special commissioners engaged in fixing an equitable price at which Dominion Coal should sell fuel for steel making purposes to Dominion Steel, but no official statement of any kind regarding them is obtainable, and Besco officials maintain complete reticence about the movements of the visitors.

"The Mysterious Five," as they are called locally, are R. V. Norris, of Wilkes-Barre, Pa.; S. Taylor, Pittsburgh; Col. Montgomery, New York; E. Fitzgerald, Winnipeg; and J. MacDonald, Montreal. They arrived in the city a few days ago under the chaperonage of Col. Walter Herd, Besco chief engineer, who met them at Halifax, where they had a conference with Col. G. S. Harrington, Minister of Mines.

Since coming here they have been living in seclusion at The Cove, Dominion Iron's official residence on the outskirts of the city, leaving it only for railway runs to Glace Bay and other points in the coal fields.

Dominion Coal is said to be seeking a revision upward of the price charged the receivers for coal to operate the steel mills.

Quebec Power Issues Stock

MONTREAL.—The subscription price of the new shares of the Quebec Power Company must be fully paid up on or before June 1, 1927, and the new stock will be issued after July 1, from which date they will rank for dividend; $50 per share must be paid upon subscription or before May 2, and the remaining $50 per share, being the final installment, must be paid by June 1.

Advocating more sheep on the smaller farms in Canada, the Dominion Livestock Commissioner, speaking at the annual meeting of the Ontario Sheep Breeders' Association, stated that farmers need not be afraid of extending their sheep holdings.

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For immediate delivery and in large quantities.
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With a daily circulation of publishers sworn statement ending Sept. 30— **30,112**
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HIGHER EARNINGS BY OTTAWA POWER IN FISCAL YEAR

Total Reserves Now Over $3,000,000—7% Earned on Common Stock

From Our Own Correspondent.

MONTREAL. — The annual report of the Ottawa Light, Heat and Power Company for the 1926 year revealed a satisfactory increase in both gross and net earnings. The gross figures of 1926 exceeded the 1925 figure by $67,200 and was a larger increase than the company has experienced for a number of years.

The income account figures and the working capital position figures over the past three years are as follows:

Profit and Loss

	1926	1925	1924
Gross Rev.	$1,854,383	$1,787,182	$1,720,841
Exp., Int., etc..	1,366,040	1,341,161	1,290,618
Income Tax ..	30,013	33,237	17,772
Depreciation ..	105,284	104,950	109,951
Net profit	$ 353,046	$ 307,834	$ 302,500
Pref. div.	97,500	97,500	97,500
Com. Div.	210,000	210,000	210,000
Balance	$ 45,546	$ 334	$ Dr.5,000
Prev. P. & L. balance	142,130	141,796	146,796
Surplus acc't...	$ 187,676	$ 142,130	$ 141,796
Earn. on com...	7.3%	6.0%	5.8%

Working Capital

	1926	1925	1924
Cur. assets	$ 775,795	$ 732,737	$ 776,593
Cur. liab.......	489,592	267,356	171,069
Working cap...	$ 286,203	$ 465,381	$ 605,524

Changes in Balance Sheet

In the balance sheet, the current assets and current liabilities both show the increase noted in the foregoing figures. The property account has increased by almost $300,000 and now stands at $9,656,498. With the additions from the income account, the total reserves, plus the surplus account, now reach the satisfactory total of $3,011,146.

At the annual meeting the attention of the shareholders was directed to the fact that the present year was the fortieth anniversary of the appointment of Thos. Ahearn to the head of the electrical industry in Ottawa and that in celebration of Mr. Ahearn's long term of office it had been decided to present him with a portrait of himself.

Filling the vacancy on the board of directors caused by the death of the late A. A. Dion, L. N. Poulin has been elected a director. Colonel D. R. Street, who until recently was secretary-treasurer of the company, has been appointed general manager, and the assistant secretary-treasurer, F. W. Fee, has been appointed secretary-treasurer.

In his remarks to the shareholders, T. Ahearn, the president, said in part as follows:

"While there has been an increase in gross expenditure, such increase is proportionately small, considerably less than the increase in 1925. This is the effect of improved conditions in generating and distributing, and the result of our having contracted for the supply of electric power as referred to in the 1925 report, enabling us to practically discontinue the use of our expensive steam auxiliary station during the winter months.

"During the year we have completed a new concrete bulkhead at the flume entrances to Nos. 1 and 4 power houses. This was necessitated by the depreciated condition of the old bulkhead. It is further contemplated to reconstruct the flume walls leading to Nos. 1 and 4 power houses, bringing these walls to the same level as the bulkhead referred to above. In this new construction the higher walls will allow an increase of head, from 3 to 4 feet.

"There have been encouraging gains in new business for both the Ottawa Electric Company and the Ottawa Gas Company. The Ottawa Gas Company had been temporarily affected in its domestic supply by the large increase in the installation of electric stoves. This, however, seems to have received a check. The introduction towards the close of the year of a dual service stove, a combination of gas and electricity, is proving very popular, encouraged by an initial order for all requirements of an apartment house, now under construction, containing approximately 85 apartments. House heating by gas is also increasing, and the outlook for 1927 and 1928 appears most encouraging. The increase in industrial gas customers has been particularly gratifying."

AMERICAN SALES BOOK EARNINGS ACHIEVE RECORD

Capital to be Increased to Care for Expansion of Business

American Sales Book Co. in 1926 had a gross profit of $622,478, the highest in the company's history, as was pointed out by the president, S. J. Moore. But the corporate surplus stands reduced by $21,054, the balance now being $58,294, compared with $79,348 for the year 1925.

These deductions have been made from the operating profit and income from other sources:

Depreciation, $83,651; patents written off, $50,000; bond interest, $58,950; preferred dividend, $215,131; common dividend, $122,932; paid and reserved for U.S. taxes. $112,866. This tax liability is thus fully provided for up to December 31, 1926.

President Moore points out that the steady growth of business calls for important increases in plant and equipment. The financing of these extensions will be cared for by a capital issue of 50,000 preference shares of $100 par value and 50,000 common shares of $20 par value. This will bring the company $600,000 of new capital and increase the outstanding capitalization to $714.660 of common of $20 par value and $3,573,000 of preferred of $100 par value. Each share of preferred in this company has five votes to one vote of the common.

Total assets of the company now stand at $6,316,450, compared with $6,245 997 at the end of 1925. About half this increase is in fixed assets and the balance is represented by an increase in inventories and bills receivable.

Profit and Loss

	1926	1925	1924
Profits	$ 622,478	$ 593,111	$ 463,059
Less:—			
Taxes	112,867	29,536	36,295
Bond int.....	58,950	60,000	25,897
Depreciation	83,652	84,916	100,778
Patents	50,000	50,000	50,000
Prem. on red. bonds	....	....	16,200
Pref. div. ...	215,131	215,131	215,131
Com. div. ...	122,932	122,932	122,932
	$ 643,532	$ 562,515	$ 567,233
Balance x	$ 21,054	$ 30,596	$ x104,174
Prev. bal.	79,348	48,752	152,927
P. & L. bal. ..	$ 58,294	$ 79,348	$ 48,753

x—Deficit.

CANADIAN BUSINESS ACTIVITY IS AT HIGH PEAK FOR ALL TIME

(Continued from page 1)

assigned to each of the 26 items, according to the economic importance of the industries involved. The net value of the output in the industries concerned with the production of commodities, and employment in other lines such as trade and transportation, formed the basis for the system of weighting. A section of the weighting system amounting to 28 per cent. was reserved for general items and distributed as follows: imports, 5; exports, 3; bank debits, 10; industrial employment, 10.

The next step in the compilation was to multiply the relative numbers of each of the 26 series (adjusted for seasonal tendencies and expressed as a percentage of the base period), by the appropriate weight. The sum of the products divided by 100, gave the index graphically presented in the upper chart.

Long Term Trend Cut Out

By the application of the method of least squares to the period from 1919 to 1925, it was determined that the annual rate of growth was about 3.6 per cent. The line of secular trend or normal growth in the post-war period was at 90.5 in January, 1919, and increased to 116.4 in January, 1927. By eliminating the element of long-term growth, and expressing the result in multiples of the standard deviation, an adjusted index corresponding to the lower curve was obtained. This curve, being divested of seasonal variations and secular trend, presents a fairly accurate picture of the course of the business cycle in Canada during the post-war period.

Twenty-first Annual Report

Ottawa Light Heat and Power Company, Limited

Operating

The Ottawa Electric Company and The Ottawa Gas Company

The Revenues from all sources aggregate $1,854,383.08. The Expenses of management, operation and maintenance amount to $1,366,040.19 and include all interest charges, Federal, Provincial and Municipal taxes, (excepting Dominion income tax), also ample provision for bad and doubtful accounts, leaving $488,342.89 as the surplus of Revenue over Expenditure.

The Gross Revenue of 1926 exceeds 1925 by................	$67,200 36
The Gross Expenditure of 1926 exceeds 1925 by...........	24,879.15
The Net Surplus of 1926 exceeds 1925 by.................	42,321.21
Ratio that Net Surplus bears to Capital of $5,000,000......	9.76%

To the balance at credit of Profit and Loss Account last year $142,129.72, the Net Earnings for the year—$488,342.89—have been added, making a credit balance of $630,472.61. Dividends upon the Common Stock at the rate of 6% and upon the Preferred Stock at the rate of 6½% per annum were paid, also $30,013.27 covering Dominion income tax. The sum of $105,284.31 was placed to the credit of Reserve for Depreciation (which now stands at $511,500.44), leaving the balance at credit of Profit and Loss $187,675.03.

The main features of the balance sheet for the past two years are as follows:—

ASSETS	1926	1925
Property, Plant and Equipment	$9,656,498.35	$9,361,785.92
Montreal Trust Company Deposit for Sinking Fund	6,880.28	....
Merchandise, Stores, Supplies, etc.	183,204.54	158,620.42
Accounts and Bills Receivable	467,518.78	469,326.64
Investments:—		
Domin. of Canada Bonds and Bonds of the Ottawa Light, Heat and Power Co., Ltd., and of The Ottawa Gas Co., purchased in advance for Sinking Fund	110,936.01	85,380.00
Cash on hand and in Bank	14,137.22	19,410.72
Deferred	218,563.66	223,182.01
	$10,657,738.84	$10,317,705.71

LIABILITIES	1926	1925
Capital Stock (Common)	$3,500,000.00	$3,500,000.00
Capital Stock (Preferred)	1,500,000.00	1,500,000.00
Bonds	2,157 000.00	2,187,540.00
Accounts Payable and Bills Payable.....................	412,717.18	267,356.51
Dividend	76,875.00	....
Capital Reserve	1,500 000.00	1,500.000.00
General Reserve	770,000.00	770,000.00
Reserve for Depreciation	511,500.44	406,216.13
Reserve for Bad and Doubtful Accounts	41,971.24	44,463.35
Profit and Loss	187,675.03	142,129.72
	$10 657,738.84	$10,317 705.71

Respectfully submitted,

T. AHEARN,
President.

OTTAWA,
February 15th, 1927.

The Nation's Business

(Continued from page 1)

through the imposition of a special duty, immediately it can be shown that any country is dumping goods into Canada at a price less than their home market value. In other words, the special duty goes into effect as soon as a foreign manufacturer attempts to sell goods in Canada lower than he is selling them at home.

* * *

HOW does this affect the British manufacturer? It affects him in a remarkable way. Let us illustrate again with the case of Switzerland. A British article is sold in England for $1. The same article is sold in Switzerland for 75 cents. If the British manufacturer, attempting to compete in the Canadian market with his Swiss rival, offers to sell his article for 75 cents, he is immediately up against the anti-dumping law. The Swiss manufacturer can sell his article in Canada for 75 cents and is not interfered with. In other words—and this is the absurdity of the way the law works out—the British article at 75 cents is deemed to be injurious to Canadian industry, and is barred by the anti dumping law. An identical Swiss article—it may just as well be Japanese or German—can sell for 75 cents, and it is not called dumping, and not deemed injurious to Canadian industry.

The British Government, needing revenue, placed an excise tax on silk. The tax increased the cost of manufacture and therefore of the "home market value." As a consequence the silk manufacturers of France and Switzerland were able to undersell the British. When the British manufacturers undertook to quote prices in Canada the same as before the excise tax, they were not permitted to do so. They were told that they were violating the anti-dumping law. And so British silk sales to Canada have declined. In 1924 twelve per cent of our silk imports came from Britain. In 1926 they dropped to eight per cent. Unless relief is afforded, according to British manufacturers, British silk will disappear from the Canadian market.

* * *

IF THE preferences Canada grants British manufacturers are losing their value and failing in their original purpose, an even stronger case could be made out to show that the preferences granted to Canada by other British nations and colonies are inadequate. They are only the first step in direction of a comprehensive system of Imperial preferences that would provide an impregnable basis of Empire trade.

Canada has preferential tariff advantages of some kind in each of 29 British nations. At first glance this would appear to be a large scale advantage to Canada. But in many of these nations the preferences are of limited advantage or no advantage at all; some apply to goods Canada can not export; some apply to a very limited number of lines; the most generous preferences have been granted by nations of very small buying power. And India, an immense and rapidly developing market, grants Canada no preference whatsoever.

It is becoming increasingly obvious that the further development of Empire trade, which would be of immense advantage to all classes of Canadian producers, can not be stimulated without more negotiation and co-operation between the different British countries and by forward steps to improve the present inadequate system of preferences, which would be better scrapped entirely than left in their present form.

The failure of the recent Imperial conference to tackle this problem of Empire trade was disappointing.

J. S. Mitchell Earnings Equal to $4 per Share

From Our Own Correspondent.

MONTREAL.—The annual report of the J. S. Mitchell Company was presented at the annual meeting of shareholders this week; the figures showed that the surplus applicable to the no-par value common stock was equal to more than $4 per share. The company is in good financial condition. J. C. Newman, of Montreal, was elected president; Charles W. Murphy, of Sherbrooke, vice-president, and Gordon W. Scott, of Montreal, secretary. The only change in the board was the replacement of D. W. Partridge by W. B. Rapley. The report expressed optimism about the prospects for the present fiscal year. The possibility of a dividend on the common stock was not discussed.

Now Banking Coal

MONTREAL.—The operations of the Dominion Coal Company are being maintained at about 70 per cent. capacity, which is considered satisfactory for this period of the year.

New Issue.

$4,250,000

Canadian Department Stores, Limited

First and Refunding Mortgage Income Gold Bonds

7% Series "A"

To be dated: March 1st, 1927. **To mature: March 1st, 1947.**

Principal and interest payable in Canadian gold coin of the present standard of weight and fineness at the offices of the Montreal Trust Company in Toronto. Interest cumulative at the rate of 7% per annum from March 1st, 1927. First year's interest payable March 1st. 1928; thereafter payable March 1st and September 1st in each year. Interest and sinking fund to be paid exclusively out of available Net Income as defined in the Trust Indenture. Redeemable as a whole or in part on any interest date on 60 days' notice at 105 and accrued interest. Free from Dominion, Provincial and Municipal normal taxes ordinarily withheld at the source. Fully registered bonds in denominations of $1,000, $500 and $100.

MONTREAL TRUST COMPANY, TRUSTEE.

Approximately $2,700,000 of these Series "A" bonds are being purchased by former owners of the constituent companies, and are being taken in payment for their properties.

CAPITALIZATION

(Upon completion of consolidation and financing in connection therewith)

	Authorized	To Be Outstanding
First Mortgage 6½% Bonds	$ 2,500,000	$2,500,000
First and Refunding Mortgage Income Gold Bonds. 7% Series "A" (this issue) ...	*10,000,000	4,250,000
7% Preferred Stock	4,000,000	1,500,000
Common Stock (no par value)	250,000 shares	250,000 shares

*Additional First and Refunding Mortgage Income Gold Bonds may be issued in series under the conservative restrictions of the Trust Indenture, which provides that future Bonds may be issued only for refunding purposes and for the acquisition of additional stores up to 60% of their appraised value.

Mr. G. H. Rennie, President, and who is to be General Manager of the Company, summarizes from his letter to us as follows:

Company: Canadian Department Stores, Limited, has been incorporated for the purpose of effecting a consolidation of 21 department stores operating in the principal cities of the Province of Ontario and one store operating in Montreal. The individual stores have been established and in successful operation for a period averaging more than 44 years, and in the majority of cases are the leading merchandising institutions in their respective communities. The population of the Province of Ontario represents approximately one-third of the entire population of the Dominion. The Province absorbs more than 46% of the merchandise distributed in Canada, and contains over 36% of the total homes in the country. The territory served by the stores to be owned by the Company embraces more than 50% of the population of the Province.

Security: The First and Refunding Mortgage Income Gold Bonds will be secured, in the opinion of counsel, by a direct first mortgage on the fixed assets of the Ottawa store and all the other fixed assets of the Company now owned or hereafter acquired, subject only to $2,500,000 First Mortgage 6½% Bonds to be presently outstanding.

A consolidated balance sheet of the amalgamating stores as of December 31, 1926, as certified by Neff, Robertson & Co., chartered accountants, after giving effect to the consolidation and the financing in connection therewith, and including fixed assets, as appraised by Canadian Appraisal Company, Limited, shows net tangible assets of approximately $8,672,000. The Company covenants that it will pay no dividends on its capital stock while any of these bonds are outstanding, if such payment will reduce its net current assets below $2,000,000.

Earnings: Net earnings, as certified by Neff, Robertson & Co., available for interest on these Series "A" bonds for the ten years ended December 31, 1925, after deducting all operating expenses and annual interest requirements of the First Mortgage Bonds to be presently outstanding, but before deducting depreciation and certain non-recurring charges, have averaged $538.551 annually, or nearly twice the annual interest requirements of this issue. In no year of the above period have such net earnings been less than the combined annual interest requirements of the First Mortgage and First and Refunding Mortgage Income Gold Bonds to be presently outstanding.

It is expected that centralized buying of merchandise from large manufacturers and economies to be effected through consolidated operation will result in a substantial increase in net earnings from even the present volume of gross business. Based upon specific assurances from many manufacturers and wholesalers and a careful survey of possible operating economies, it is estimated that the net earnings available for bond interest for the first full year of consolidated operation will be in excess of $1,000,000. or more than three times the interest requirements on these Series "A" Bonds.

Purpose of Issue: The Series "A" bonds are being issued in part to the former owners of the constituent companies in payment for their properties and in part for cash to provide funds for the retirement of constituent company indebtedness, working capital and other corporate purposes.

Sinking Fund: A sinking fund, starting March 1st, 1930, payable out of available net income after paying all interest on these Bonds, equivalent annually to 2% of the largest amount of Series "A" bonds ever outstanding, is designed to retire bonds through purchase at or below 105 and accumulated interest or through call by lot at that price. In addition to this regular sinking fund, it is provided in the Trust Indenture that after the payment in any one year of dividends of $250,000 on the Common Stock an amount equivalent to 20% of any further Common dividends paid in that year will be set aside and used as an additional sinking fund for the retirement of bonds of this issue.

Management: The management of the Company will be under the direct supervision of Mr. G. H. Rennie, President, and who is to be General Manager, and who for the past several years has been Assistant General Manager of Robert Simpson Company, Limited, of Toronto. Mr. Rennie's executive staff and the Board of Directors will be composed largely of men previously associated with the successful operation of the various constituent companies.

These bonds are offered when, as and if issued and received by us, subject to the approval of all legal details by Messrs. Hearst, Mills & Hearst for the Company and Messrs. Osler, Hoskin & Harcourt of Toronto for the Trustee. Delivery will be made in the form of temporary bonds or interim receipts on or about March 15, 1927.

Price: 100, to Yield 7%

There will be delivered with each $1,000 bond of this issue 5 shares of the no par value Common Stock of the Company.

Orders may be telephoned or telegraphed at our expense.
A Descriptive Circular will be mailed upon request.

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Bond and Sales Corporation Limited
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The statements contained in this advertisement are not guaranteed, but are based upon information which we believe to be reliable.

BROMPTON MADE $3.50 ON COMMON; POSITION STRONG

Gross and Net Lower Than in 1925 When Common Earned $4.20

From Our Own Correspondent.

MONTREAL.—The annual report of the Brompton Pulp and Paper Company for the 1926 fiscal year shows a small decline in gross and net profits with some betterment in the working capital position, due in part to the new financing which took place during the year.

The income account figures and the working capital figures over the past three years compare as follows:

	1926	1925	1924
Gross inc.	$1,240,954	$1,321,065	$1,128,581
Depreciation	252,000	255,000	255,000
Bond int.	321,440	299,359	288,572
Net income	667,514	766,708	585,009
Sub. pref. div.	17,500	17,500	17,500
Balance	650,014	749,206	567,509
Pref. divds.	160,000	160,000	160,000
Com. divds.	70,000	......	......
Surplus	420,014	589,206	407,509
Prev. surplus	5,158,736	4,624,651	4,217,142
Total	5,578,751	5,213,857	4,624,651
*Written off	......	55,121	......
P. & L. balance	5,578,751	5,158,736	4,624,651
Earn. on Com.	$3.50	$4.20	$2.91

*Written off inventories.

Working Capital

	1926	1925	1924
Curr. asts.	$5,942,924	$5,563,268	$5,701,234
Current liabs.	1,991,658	1,974,506	2,617,193
Net wk. capital	3,951,266	3,588,762	3,084,041

The balance sheets show an increase of over $2,000,000 in the plant account, and a satisfactory increase in cash and investment account. The liability side of the exhibit shows the increased amount of bonds outstanding, and a decline of $500,000 in the bank loan. The depreciation and surplus account show the increases noted in the foregoing income figures.

In his remarks to the shareholders, E. W. Tobin, the president, said in part:

"The net profits shown during the past year are lower than those of 1925. This is accounted for by a reduction in the selling price of some of the products manufactured by the company, and also from the fact that the company was out of the groundwood market during the latter part of 1926, in order to accumulate stock for the newsprint mill at Bromptonville. All groundwood made at this point will from now on be used in the newsprint mill and should materially increase the earnings of your company.

"During the past year your company sold on favorable terms $4,183,000 6 per cent. first and refunding mortgage bonds maturing in 1946, with the proceeds of which the outstanding 6 per cent. bonds maturing in 1939, and the 8 per cent. bonds maturing 1941, were retired. The sale of the new bonds also provided funds for the installation of the newsprint mill at Bromptonville. This mill was erected in record time at a cost within the amount estimated. It is now operating satisfactorily, and the entire output of newsprint from your company's mills at Bromptonville and East Angus for the year 1927 has been sold."

May Offer Public Bonds, Stock in Zimmerknit, Ltd.

R. O. Denman, Hamilton broker, heads a syndicate which has bought Zimmerknit, Ltd., a Hamilton concern with assets in excess of $2,000,000. An offer made for the business by a Montreal investment house acting for Penmans was rejected.

Although no definite plans for reorganization of the company have yet been made, it is thought probable that there will be a public offering of bonds and stock.

George Arnold Organizes New Chain of Meat Shops

George Arnold, who withdrew from the Arnold Bros., Ltd., business shortly after it was acquired by a group headed by T. A. McAuley, announces the organization of a new company, with $100,000 capital, for the purpose of operating a chain of meat stores in Toronto and vicinity. Mr. Arnold says that leases already have been signed for ten of the stores, and that 40 more will be open before next Christmas.

George Arnold will be president of the new company, E. P. Hughson, formerly treasurer of Arnold Bros., will be secretary-treasurer of the new company. Joseph Lowes, formerly in charge of the production department at the municipal abattoir, will be a director of George Arnold, Ltd. Other directors will be George Thoms, formerly manager of the Bloor and Yonge branch of Arnold Bros., and Harry Arnold, jr.

Name Directorate for New Store Merger

Directors have been named for Canadian Department Stores, Limited, a recent consolidation of 22 department stores, located in the principal cities in Ontario and Quebec. This directorate will be as follows:

G. H. Rennie, president, and who is to be the general manager, and who for the past several years has been assistant general manager of the Robert Simpson Company, of Toronto; Wm. Flavelle, president Victoria Loan & Savings Co.; Chas. M. Reid, president, Ritchie Co.; Duncan Fergusson, president, Duncan Fergusson Co.; E. J. Coles, president, E. J. Coles Co.; Chas. Austin, president Chas. Austin Co.; H. B. Bristol, president, A. Bristol & Son; Geo. Wright, president, Robert Wright; J. C. Engel, president, H. H. Engel; W. E. F. Bryans, president, Bryans; J. W. Robinson, president, Robinson Co.; Jas. Ogilvie, president, Ogilvie-Lochead, Ltd.; A. A. Fournier, president, A. A. Fournier, Ltd.; R. A. Beamish, president, Beamish & Smith; P. A. Huntington, president, Huntington's; W. C. Cressman, president, Cressman Co.; A. Robinson, president, Maclaren Co.; I. L. Matthews, president, I. L. Matthews Co.; F. M. Stafford, president, F. M. Stafford, Ltd.; Jas. Smith, Fenton & Smith; T. H. Pratt, president, T. H. Pratt, Ltd.; T. A. Neely, director Municipal Bankers Corporation; D. W. Gordon, director, Municipal Bankers Corporation.

Maritime Tel. & Tel. To Expand This Year

From Our Own Correspondent.

MONTREAL.—The 1927 estimates of the Maritime Telegraph and Telephone Company call for large capital and replacement expenditures during the year. The budget called for a much larger programme than during any recent years. For some time past, due to the unsatisfactory business conditions which have prevailed in Nova Scotia and the consequent slow growth of the company's business, plant additions have been made but sparingly. This has had the disadvantage of requiring frequent small additions to plant at various exchanges with correspondingly higher unit costs.

With the improved business outlook, the company now feels warranted in making a more liberal provision for its anticipated growth so that the plant additions will be larger and calculated to provide the needed facilities for longer periods.

The company will carry out many extensions to its toll lines and its cable plant. The equipment programme is not unduly large, but new exchanges are proposed and the company will also undertake some building during the year.

Arnold Bros. Financing

Announcement is expected within a few days of a new capital issue for Arnold Bros., Ltd., in connection with the expansion programme brought about by the purchase of A. Martin's, Ltd. Martin's operate 68 stores in Toronto, Montreal, and smaller places.

Aurora Match Corp.

Aurora Match Corp. reports that demand for its products has been brisk since production was started in January and that this month equipment will be installed to double the capacity of the plant.

B.C. Will Be in Market for Loans of $6,000,000

New work to be undertaken by the government of British Columbia, as provided in this year's budget, will involve the expenditure of about $6,000,000, which is provided for in the Loan Bill now before the Legislature. Nearly two-thirds of this sum will be allocated for highways and road bridges. Over a million dollars will be spent on public buildings, while the balance will be used for sundry purposes, including a grant of $500,000 for replacements and betterments to the Pacific Great Eastern Railway.

MARITIME REPORT KEEPS GOVERNMENT AWAKE AT NIGHTS

(Continued from page 1)

mended on eastbound traffic originating outside the Maritimes, either for delivery in the Maritime provinces or for export by sea through one of the Maritime ports.

"Your correspondent has figured the cost of these reproductions on the total revenue of the railways in the Maritimes and you can see that such a compilation is naturally far too large.

"If you will excuse my writing you at such length, I would like to make a few observations regarding the way, in my opinion, the report of the Duncan Commission should be interpreted. I am firmly of the opinion that generally speaking the people of the rest of Canada are sympathetic towards the Maritimes, and that any apparent unwillingness to have the recommendations of the Duncan Commission carried out by legislation is due to misrepresentation and lack of knowledge of the actual conditions, rather than to any intention of not according the Maritime provinces the actual partnership in the prosperity of Canada which Confederation contemplated.

The Rail Rates

"The Duncan Commission, in its report, states very clearly that as a result of its investigation it is convinced that the Intercolonial was built over a circuitous route for special purposes and that the Maritime provinces should not be penalized in freight rates on account of this long unnecessary trackage. This, I think, is the gist of their report. They find that up until 1912 this condition under which the line was built was recognized in that freight rates were maintained on a lower basis, mile for mile, than perhaps existed in other parts of Canada. At all events, up until that time the freight rates on Maritime province products were not too high to prevent the free movement of traffic. If, as a result of these depressed rates, the Intercolonial suffered a deficit, this deficit was taken care of in the Federal treasury on account of the ownership of the Intercolonial. In my opinion the recommendation of the Duncan Commission regarding freight rates, when boiled down, is simply that the old status of the Intercolonial be restored, but that instead of this being accomplished by divorcing the Intercolonial from the Canadian National System that the old relationship between rates in the Maritimes and other parts of Canada be re-established, the money to come out of the Federal treasury as it did prior to 1912. To my mind it is unfair to introduce questions and objections to what is called political rate-making, particularly in view of the Crows Nest Pass legislation. It is also, I think, unnecessary to elaborate on and stress the fact that if the Duncan report is adopted in its entirety other parts of Canada would insist on similar reductions.

Treated on Merit

"Such questions should, I think, be treated on their merits, and in case of the Maritime provinces an impartial tribunal after a very thorough investigation has made certain recommendations which if adopted would go part way in remedying many of the ills from which we have long been suffering. On the other hand it is, I think, somewhat a stretch of the imagination to say that the adoption of these recommendations would work any hardship on other parts of Canada. Surely a prosperous Maritimes would on the other hand be of considerable advantage to the rest of the Dominion.

"I feel sure that the people of the Maritime provinces will not be satisfied to have this question of freight rates referred to the Board of Railway Commissioners for decision, as some press despatches now suggest will be done; not because they lack confidence in the Board, but partly because of the further delay which would inevitably occur if the Maritimes have to wait for relief until the general freight rate investigation is settled, and also because the Board has not so far included in their investigation the question of International rates, and there is considerable doubt as to what jurisdiction, if any, they possess over the through rates to United States points. On the other hand, the Duncan report makes a very specific recommendation which, if adopted, would assist us to some extent in marketing our products in the United States. This would be particularly applicable in the case of the forest product industry which forms such a very large proportion of the railway tonnage originating in the Maritime provinces, and of which probably ninety per cent. is exported."

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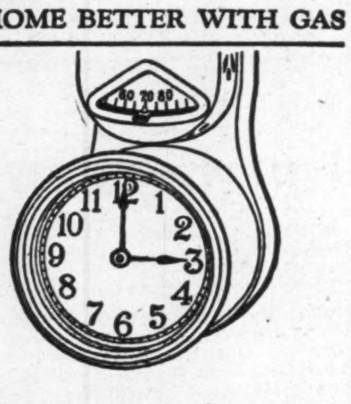

This clock-equipped heat regulator makes gas the completely practical fuel for home heating because it promotes economy. In addition to maintaining a steady temperature all day long, the clock-equipped heat regulator automatically lowers the temperature at night. This results in comfortable rooms for sleeping — and it saves fuel. In the early morning the clock automatically raises the temperature for daytime comfort and has the house warm when it is time to get up.

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Equipped with a heat regulator, the gas burner is ideal for home heating. Never requires attention from the beginning to the end of the heating season. Not even fuel to order — and you pay for your fuel *after* you use it. Let us give you complete facts with estimate of cost of heating your home with gas.

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What's Wrong With Shorthand?
Executives Say:—
"How do I know what I said?"
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What's Wrong With Shorthand?
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"I'm sure he said that, but . . ."
"Those awful waits while he chats over the phone."
"Hours wasted while he's in conference."
"No one else can read my notes."
"I'm nothing but a bell-hop."
"These endless notes make me dizzy."
"Yes, I do mind staying late."
"Cold notes are maddening."
"No time for real secretarial work."

Miss May Nolan, Secretary to Mr. MacKenzie, who considers The Dictaphone "an indispensable aid in every well-managed office."

Thus Mr. Mackenzie summarizes his experience with the Dictaphone.

Details below—also coupon offer.

"WHEN the crash came, there were some 15,000 stockholders in Canada," says Mr. MacKenzie, referring to the failure of the former L. R. Steel organization which he recently reorganized into the L. R. Steel Stockholders' Protective Trust and Steel's Consolidated Chain Stores, of which he is Secretary-Treasurer.

The success of this reorganization—resulting in a live, going concern with 19 stores (a new one this year) marketing products from 5 cts. to $1.00—he attributes in no small measure to the Dictaphone, "without which" he asserts, "I never could have handled the mass of necessary correspondence involved!"

Mr. MacKenzie finds the Dictaphone free from the distracting features that annoyed him in shorthand—no waiting, no *repeat-thinking*. "Every letter is answered *while the facts are fresh in mind*," he continues, adding, "It enables me to get the work *done!*" No small tribute from an executive well known for his habit of laying out more work than he can do—*and then doing it.*

Miss May Nolan, Mr. MacKenzie's secretary, "struggled for two years with shorthand" before adopting the Dictaphone. "Nodding" over her notebook during interrupted dictation periods and "slaving until six o'clock over cold notes" occupied her days during this time. Now, however, "the stroke of five" finds her leaving the office carefree, with a full round of real secretarial duties performed and a marked improvement in both her efficiency and her salary.

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TORONTO, MARCH 4, 1927

McNARY HOKUM

IN VIEW of the fact that spokesmen from the Canadian Northwest are of the same school of thought as the proponents of the McNary-Haugen measure in the U. S. Congress, the veto of that bill by President Coolidge is of more than passing interest in the Dominion.

If the complex measure which has elicited an 11,00-word veto message from the President of the United States can be summed in a few words, it may be said that it contemplated the segregation of surplus production over domestic requirements of wheat, cotton, corn, rice, swine and tobacco. This, it was hoped, would increase the domestic prices to points where the producers and, incidentally, the millers, packers and others, would be assured of a profit. The farm board would sell surpluses in foreign markets for whatever prices could be obtained. The bill ostensibly planned to pro-rate among the producers the losses occasioned by sales abroad at world-price levels, but it was evident that the consumer would pay either directly in the price of the goods or indirectly through taxation.

In other words, it was an attempt to remove the primary producers of these basic crops from the effects of operation of the law of supply and demand. The measure got through the two houses of congress because of log-rolling tactics and because congressmen of uncertain courage voted contrary to their convictions in the belief that the president would decline to sign it.

Mr. Coolidge not only declined to sign the bill, but gave to the public a most lucid exposition of the economic folly of the plan which has been urged upon congress by the radical farm bloc for three or four years. He pointed out that it would encourage over-production, put a premium on inefficiency of producer and processor in that it would guarantee profits under any and all conditions, would discriminate against the producers of other crops, was unworkable and finally—which would be an all-sufficient reason in the United States—probably unconstitutional in that it would delegate to the farm board a power to tax.

It has been said that the argument was east against west and it was suggested that Mr. Coolidge would bow to the demands of the west rather than ruin his chances for a third term. But it was a contest between economic folly and sound thinking, and it is not surprising again to find the native of Vermont thinking soundly. And it would seem at this distance that the president has not hurt his political chances in the least, if many of the farmers who were the ostensible beneficiaries of this harebrained scheme take the trouble to read his message or an honest summary of it. He shows conclusively the folly of the plan from every viewpoint except that of the radical who thinks that the way to political success is to stump his district with speeches full of the sheerest economic buncombe.

The New York Times, perhaps the most thoughtful of the Democratic newspapers, expresses the hope that no president and no presidential party can be injured politically by the adoption of a course so sensible as this Republican president pursues in this instance. It is to be believed that a democratic people do possess the power to think and that they will respond to leadership that is inspired by honest thought. Sectionalism and classism are bred when leadership fails.

FERGUSON AND QUEBEC

G. HOWARD FERGUSON, premier of Ontario, is mentioned more than any other man as the next leader of the Conservative party. He is no dark horse; perhaps it would not be indiscreet to say that he is the ruling favorite.

Mr. Ferguson has in the past been something of a bête noir to Quebec. French Canada has considered Mr. Ferguson too strong an Orangeman, too strict a disciplinarian of French language teaching in Ontario, too much a master of Ontario Tory politics ever to be regarded as a close friend of Quebec. Quebec has been the one obstacle in the way of a Dominion leadership for Mr. Ferguson.

The atmosphere is changing. Either Mr. Ferguson is gaining some appreciation of his brothers and sisters in Quebec or the French Canadian is learning something of the good qualities, the kindly heart and the able governing force of Premier Ferguson. Or it may be both. There is developing a real rapprochement between Ferguson and the people of Quebec.

Even La Presse, the outstanding French Canadian paper and quite Liberal, has given Premier Ferguson an opportunity to speak through its columns his high feeling of esteem and good will toward the province that is the sister of the one he governs. Mr. Ferguson is very happy in his language, given to La Presse in the form of a long interview. And he says, "You have been good enough to refer to the friendly feeling that many French people have for me."

We would say that the Ferguson interview in La Presse is a step on the way to Ottawa, for Ontario's premier.

CANADA'S POSITION

CONCRETE evidence of the rise of the Pacific as a great trading route appears from time to time, and never in more tangible form than in the definite expansion of Canada's Pacific coast ports, particularly Vancouver.

Of great significance is the fact that in 1926 for the first time, the Panama Canal surpassed the Suez Canal in volume of tonnage passing through. Last year 26,060,000 tons of shipping passed through the Suez Canal and 26,836,000 tons went through Panama. The Suez Canal is fifty-eight years old and Panama Canal thirteen years old.

The Pacific is rising to a position of dominance in world trade. The sleeping millions on its shores are awakening. Currents of trade are shifting and the focal point of international shipping is moving from the continent of Europe to the Orient.

Canada is on both the Atlantic and the Pacific, one of the two great nations that are so situated.

Though world trade may shift from Atlantic to Pacific, so long as the Northern Hemisphere remains a great trading area, Canada stands at the heart of things.

FOR BETTER LIVING

IN STUDYING the housing situation in this country, the Social Service Council of Canada is delving into a subject with wide ramifications. Out of such a survey may arise many constructive ideas.

The Social Service Council is publishing the results of its studies in a series of monographs, of which the first has just been published. It is the work of A. G. Dalzell, a Toronto engineer of recognized standing and a student of town planning. This monograph discusses housing in relation to land development. Its chief value is to lay emphasis upon the fact that housing problems have arisen in Canada because of the generally high cost of land in Canada, a young country where land should be cheap. Land values, particularly in urban centres, are so high that builders must economize unduly in construction costs in order to turn out buildings that can be sold at a profit. Hence an inferior type of building has been erected, particularly for workingmen's dwellings. As a result, public and private health has been seriously affected.

These conclusions are of grave import. They are not the ravings of a soap box socialist, but the opinions of an eminent engineer who has studied his subject thoroughly.

The problem of inflated land values in Canada has arisen chiefly through lack of control by public authorities of community development. In those parts of Canada where land value inflation has reached its highest peak we have seen the largest amount of excess sewer, sidewalk and pavement construction and of hit-or-miss subdivisions located badly and laid out in even worse fashion.

Since it has been lack of control of civic expansion that has brought about the evil, it is apparent that assumption of control by the proper authorities will help to correct the situation.

Town planning as a remedial measure for bad housing conditions will come as public opinion becomes more enlightened.

SOON MUST DECIDE

THE recent estimate in The Financial Post of the cost of meeting the recommendations in the Duncan Report on the Maritime Provinces has caused a great deal of discussion in the Maritimes. The Financial Post's motives in publishing the estimate have been assailed in some quarters. Other Maritimers have been willing to accept the estimates as close to the real truth and have declared them to be very modest expenditures for Canada to make, to put the three Atlantic Coast provinces in prosperous shape again.

Maritime editors need not worry about the motives of The Financial Post, which has shown more friendly interest in the Maritime Provinces than any other paper published in Central Canada. It does this, not in any patronizing or sympathetic sense. The Financial Post is published in Central Canada, but it is a national publication that knows no constituency but Canada, nor any policies but those it believes to be in the best interests of Canada as a whole. In publishing the facts as to what the adoption of the Duncan Report would likely cost Canada we were giving news and not views.

In his address in Montreal last week, on Maritime problems, L. W. Simms, a successful Saint John manufacturer, referred to The Post's estimate. He said:

"The report from Ottawa quoted in the February 4th issue of The Financial Post stated that the cost of meeting the provisions of the Duncan report was causing some concern as it was estimated at six million dollars' annual outlay, in addition to a capital outlay of twelve million dollars. Both the reliability of the rumor and of the amount are difficult to check up, but presuming that they are correct, anyone need only study the national statistics as to production or wealth or trade for a few minutes and then put the lowest possible value on the thousands of Maritime citizens who are being lost to Canada each year by emigration to the United States, and they will be forced to the conclusion that Canada is simply not seriously facing her responsibility or opportunity if this figure causes her to even hesitate.

"In round figures, the per capita wealth of Ontario is $2,500.00. The per capita wealth of the Maritimes is $1,500.00. If there is anything at all to our claim that a maladjustment of the economic structure of Canada, as it affects the Maritimes, and which can be and should have been remedied long ago, accounts for this $1,000.00 discrepancy. Is an annual outlay of six dollars apiece and an initial investment of twelve dollars each to be considered as too high a price for its adjustment? Even the first year would not cost the rest of Canada three dollars per capita out of their $1,000."

Canada need not hestitate to make the investment mentioned if it is assured that it will mean prosperity for the people of the three eastern provinces. It is not entirely certain that it will. However, there is more danger that nothing will be done for the Maritimes than that too much will be done. The coming debate in the House of Commons on the Maritime Provinces and the Duncan Report, should bring Maritime claims to the point of governmental decision.

MEN AND MONEY

ARE Canadians becoming a nation of international bankers? Consider two security offerings made to Canadian investors this week. In one case, bonds were offered that represented a loan of $4,500,000 by Canadian bankers to a French steamship company operating in the trans-Atlantic service. In the other case securities were offered of a holding company that has been organized by Canadians to acquire control, with Canadian capital, of public utility corporations in Bolivia, British Guiana, Newfoundland, Salvador and Venezuela.

The French steamship bond issue was particularly significant because it represented financing, entirely in Canada, of an enterprise with only a slight connection with things Canadian. The issue differed from most of the foreign bond issues that have been sold in this country in recent years in that the latter have represented only partial allotments of larger issues sold mainly in the United States.

Many of these foreign issues give Canadians good yield and excellent security. They give too a wider diversification by introducing the principle of geographical distribution of risk.

No criticism can fairly be levelled against security houses who serve the interests of their clients by introducing such attractive securities to them. Nevertheless most Canadians would prefer to see the capital being invested in Canada. It may be that we have not enough creative workers in the field of finance, enough men combining vision, courage and soundness of judgment, enough sound promoters, in short, to develop capital needs in Canada as rapidly as we are acquiring capital to invest.

We talk about Canada's need for men and money. What Canada really needs is more men who know how to use money in the development of the country. Canadians of the character of Noah Timmins, Sir Herbert Holt and Arthur J. Nesbitt are raising money from Canadian investors which they are investing to good effect in Canada. They, of course, are not alone. But a few more men like them would help us to use our capital at home.

GOLF MILLIONS

SO GOLF has attained to the ranking of "big business." In the United States, they say, over a billion dollars was spent on golf in 1926. The figure will be exceeded in 1927, what with a thousand new courses coming into play and millions being spent on improving old courses.

Even in Canada, golf expenditures run into the millions. We have not 4,000 clubs as have the Americans, but we have 500 clubs and the Canadian Golfer says that it is not pulling a long bow to state that $100,000,000 will be spent on golf in Canada in 1927.

Golf is the universal sport; for men and for women; for rich and poor; (witness sets of clubs at $2.95 and civic courses at 25 cents a round); for thin men and fat men; for clergymen and prize fighters; for younsters and oldsters; for city men and farmers; (out West, farmers play golf).

Not all the money spent on golf is well spent. But in the main the nation is ahead for the investment it makes. Our lives are longer even if our tempers are shorter.

Frank McCormick, Head of $8,000,000 Biscuit Company Started at $100 Yearly Wage

President of Canada Biscuit Co., Son of Founder of London Business, Has Achieved Success Because of Work and Ambition

By J. George Johnston

FRANK McCORMICK.

Frank A. McCormick found himself at the age of eighteen or nineteen an office boy in the McCormick offices at the munificent salary of $100 a year. He got free board at home, but the less than $2 a week was expected to keep him in clothing as well as in pocket money.

Now he is 47 years old and still in the biscuit business as president and guiding spirit in the recently formed Canada Biscuit Co., of which nationwide organization the McCormick business in London, Ont., is the largest unit.

First among the impressions acquaintances of Frank A. McCormick get is that here is a man keen above the average who, while not lacking in appreciation of the enjoyment which may be found in hobbies and leisure time, has been too busy at his job so far to cultivate an absorbing interest outside the making and marketing of biscuits. A second impression is that he had, and has, ambition to succeed.

Frank A. McCormick's father, the founder, was not a biscuit maker, but he was a first-class salesman and an excellent business man. From a very small beginning in 1858 he built an industry which brought him a substantial fortune for his time and enabled him to devote the greater part of his later years to his church and philanthropic work.

Sons Buy Business

Frank A. McCormick, and his brothers then associated with him, had a real job before them to carry on the business in those years following the elder McCormick's death in 1906, after Frank McCormick had learned the business from the office end, the factory end and the sales end. The elder McCormick did not leave the business to his sons, but the three sons bought the business from his estate, some other relatives holding small blocks of stock.

In 1913 Frank and a brother who has since died were the principals in the business, and a new factory, one of the finest of its kind, was built in London. In 1920, Frank became sole proprietor of the business through purchase of his relatives' interest. All this required capital borrowing. In 1926, after a year of negotiation and planning and replanning to secure the best alignment, the Canada Biscuit Co. was organized with Frank A. McCormick as president.

Included in the merger are the following:

McCormick Manufacturing Co. is the oldest and largest and is the head office of Canada Biscuit Co. J. A. Marven, Ltd., Moncton, was established in 1906 and rapidly gained the largest business of its kind in the Maritime Provinces. Montreal Biscuit Co. was established in 1886 and has a large business in that territory. Paulin-Chambers Co., Winnipeg, was started in 1876 and its business, now extending from the Great Lakes to the Pacific, has grown as the West has developed. North West Mill and Feed Co., Edmonton, produces biscuit flour for North West Biscuit Co., established 1913, the business of which is substantial. The D. S. Perrin Co., London, established in 1872, was acquired by Canada Biscuit Co. last September, four months after the merger. The plants of these concerns now forming Canada Biscuit Co. are all comparatively new and are thoroughly modern in every respect.

Canada Biscuit Co. is a purely Canadian company in which there is no United States capital whatsoever and is not connected with any other company in any way. The company manufactures confectionery as well as biscuits.

Has Had to Work Hard

It is a far cry from a $100 a year job to the head of an $8,000,000 corporation with manufacturing activities almost across Canada and marketing facilities in every place of importance in the Dominion as well as in thousands of communities of little importance.

Frank McCormick confesses that in his $100 a year days he may have been more interested in whatever athletics or social affairs London afforded than in the routine of the McCormick office or factory. But it was not long before the demands of the family business absorbed nearly his whole attention and continued to do so for more than a quarter of a century. He finds time to play a little golf and he motors a bit with Mrs. McCormick but heretofore a holiday has staled on him after about ten days. He is on the directorate of other companies and belongs to various clubs and civic associations in London, but the business has taken up practically all his time.

Wins Bankers' Confidence

Much of the progress that Frank A. McCormick has made—and it has been very considerable progress—has necessitated the borrowing of money. It is so in almost every business, perhaps in all, and probably it is no secret that the McCormick business has been no exception to the general rule. First, a fairly substantial loan was necessary when the three sons of the elder McCormick bought the business from the father's estate. It was hard work for a few years paying that off. While the business was a thriving one at that time, it has been greatly developed since, which development required borrowed capital. Then the two younger brothers bought out the eldest. Then there was the splendid new factory, the building of which fourteen years ago taxed the resources of the two brothers who controlled the business. A few years later, in 1920, Frank McCormick taxed his own resources when he became the sole proprietor.

Thus Mr. McCormick by hard work, courage, faith in the business founded by his father and his ability to inspire the faith of bankers in himself and the business, has achieved more than the average measure of success at a comparatively early age. Operating a goodly part of the time on borrowed capital did not, perhaps, make for contentment or ease of mind, but it may have been a spur—although it is not evident that a spur was needed.

Incidentally, it may be remarked that Mr. McCormick's assurance that the McCormick products are the best of their kind may be an additional reason why he has brought the business over the hump, as the railroad men say, and can look forward to a career of even greater success with the company.

Canadian Offices Are Scattered in London

By HORACE T. HUNTER,
Vice-president, The Financial Post.

Canada is greatly handicapped in London through lack of concentration of efforts on the part of the various provinces.

A big step forward was made when the present High Commissioner established Canada House on Trafalgar Square, and thus brought the head offices of the Dominion of Canada from a side street to the most central location in London.

The existing offices of the agents-general for the various provinces are still scattered over various parts of London. British Columbia is in Regent Street; Ontario has a wretched little office with 15 feet frontage on the wrong end of the Strand; Quebec is up in Kingsway, and Nova Scotia down on a side street off the Admiralty offices.

Australia Sets Example

Australia is concentrated in one building. The staff have been three years in London and are trained in different departments so that they are familiar with the main questions or subjects which come up from time to time. In addition to this, the various states have their agents-general, whose staff is handled in the same way. Consequently, settlers desiring to go to Australia get firsthand information on almost any subject about which they may enquire, and can be put in touch with individuals who have lived in practically any part of Australia.

It is very important that the staff at Canada House and also the various provincial buildings should be composed for the most part of Canadians who would give out information regarding things they had actually seen, rather than from books or pamphlets they had read.

Should Centralize Offices

I believe the various provinces and Canada as a whole would benefit greatly if the offices of the various agents-general could be centralized in some building within reasonable distance of Canada House. Possibly the three Maritime Provinces, Nova Scotia, New Brunswick and Prince Edward Island, might join in one office; Manitoba, Saskatchewan and Alberta could do likewise.

We will hear a good deal during the present Jubilee Year of the importance and great practical value of Confederation. The activities of the various provinces in Great Britain would lead one to believe that the various provinces of Canada are separate dominions with no connection between them.

British Columbia is trying to familiarize the British Market with the merits of O.K. brand apples. All the prominence is given to the brand and to the province. Ontario and the Maritime Provinces are following similar policies. Would we not be farther ahead to establish in the minds of the British people the one central fact that Canada produces excellent apples and the various provinces could protect their own interests by emphasizing their particular brand?

Would Achieve Better Results

We are beginning to realize the tremendous importance of the British market both for agricultural and manufactured products. Our Immigration Department is becoming more active in its efforts to bring to Canada men from the British Isles. We can attract a great deal of capital from Great Britain to develop our natural resources and for investment industries. We will greatly facilitate our efforts in all these directions by the various provinces getting together and putting the major emphasis on Canada. This would not detract in any way from the effective work the provinces can do, but would rather increase the results they would get.

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Such funds may be safely and profitably employed and adjustments and exchanges made, at present, to excellent advantage.

We shall be glad to make suggestions as to the betterment of investment lists or to consult with those having investment problems.

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Investment questions and problems submitted by subscribers of The Financial Post will be answered by letter and those of general interest will be published in this column. We cannot extend this service to non-subscribers. A two-cent stamp or stamped envelope must always be enclosed to cover the direct reply.

Lovat Steamships

I have been advised to hold my Lovet Steamship bonds. Is this wise?

Lovat Steamship bonds are changing hands at around par. The bonds look like a hold to us.

Southern Canada Power

Am I wise in holding on to my Southern Canada Power preferred shares, as I depend on them in part for my income?

The Southern Canada Power preferred is an excellent stock and gives you a good return. Hang on to it.

St. Maurice Power

I have one share of St. Maurice Power which I am considering selling, as it has brought me a good profit. What are your views?

Hang on to your St. Maurice Power share. It will eventually sell higher, we believe.

Manitoba Power

I made a speculation some time ago in the shares of Manitoba Power. Would I be wise in selling now?

Hang on to your two shares of Manitoba Power Company, for its business has much improved and with the additional turbine which the company is installing, earnings will continue to increase.

N.S. Steel & Coal

What does the future hold for the debenture holders of the Nova Scotia Steel and Coal Company?

Your Nova Scotia Steel and Coal debenture is selling at around 33. This is a highly speculative issue; like all the other securities of Besco and its subsidiaries, it is practically impossible to forecast what the market will be within the next six months, or year, or five years. Your holdings will probably be scaled down in the forthcoming reorganization. The debentures do not look attractive, but we would hesitate to say that you could not obtain a higher price for them later. The outlook is very speculative.

Drummond Apartments

How are the Drummond Apartments doing? Are the bonds satisfactory?

Your Drummond Apartment bonds are a satisfactory investment in their class. The apartments are practically fully occupied and earnings are well in excess of bond interest requirements.

Abitibi Fibre

Would I be wise to purchase some of the new bonds just being placed on the market by the Abitibi Fibre Company?

The Abitibi Fibre bonds look like a very satisfactory purchase to us. They give you a good yield and both earnings and assets are ample.

International Power

I bought some International Power preferred with a bonus of common stock when it was first issued. Is it a hold?

You already have a satisfactory profit on your International Power preferred and common. The preferred is now quoted at 88 and the common at 15. Further developments in this company are expected and as it obtains its revenues from such a wide variety of sources, we believe that you would be well advised to hold on to it.

Canadian Pacific

Give me an idea, would you please, of what you anticipate will be the future market course of the shares of the Canadian Pacific Railway?

The future market course of the shares of the C. P. R. depends on many factors, including the volume of the Western harvest next summer, the general level of railroad shares on the New York market, and the success which attends the company's ocean services and its other subsidiary undertakings. It is difficult to make any satisfactory forecast of the market action of the stock. However, if this country grows, and we believe it will grow, the market price of C. P. R. should appreciate over a term of years.

Two Power Stocks

I hold some Shawinigan and some Montreal Light, Heat and Power Consolidated shares. They are a satisfactory hold, are they not?

We would advise you to hang on to your Shawinigan and Montreal Power for a number of years. Montreal is growing and the many subsidiaries of Shawinigan are increasing their earning power, therefore, these shares look very attractive to us for a long hold.

National Life Preserver

What is your opinion of the shares of the National Life Preserver Company? I have been advised by a friend to purchase some.

Our opinion of the shares is that they are of little value and that you would be well advised to pay no heed to such advice.

As far as we know, the National Life Preserver suit is a good thing of its kind—but we are not sure that the company will meet with much success in endeavoring to market its products.

Canadian Cottons

What of Canadian Cottons stock; is it a hold?

While we understand that earnings of the Canadian Cottons during the present year have not been maintained at the 1925 level, yet the company operates under able management and is in a strong position. While you need not look for any marked appreciation in this stock, nevertheless we believe that it is one you can hold with safety and one which over a term of years should appreciate in price.

Two Fire Companies

Can you advise me as to the standing of St. Paul Fire and Employers' Liability Insurance Companies? Are they safe to insure with?

The St. Paul Fire and Marine Insurance Co. and the Employers' Liability Assurance Corporation are both licensed to do business in Canada and have made the necessary deposits with the Department of Insurance at Ottawa.

Therefore, each may be regarded as thoroughly safe with which to do business.

Canada Biscuit

Will you please let me have your opinion of Canada Biscuit 7 per cent. cumulative preferred stock.

Canada Biscuit Co. is a company organized to effect the merger of four or five biscuit companies in Canada. The merger has not been effective long enough to enable judgment to be passed as to the future. We understand that progress is satisfactory and the 7 per cent. cumulative preferred stock may be classed as a business man's investment.

Sherbrooke Railway

I bought some bonds of the Sherbrooke Street Railway and Power Company at 65½. Let me have a word or two about this company and in this issue, please.

You have a material appreciation on your Sherbrooke Street Railway and Power Company bonds. They now sell at around 84. We understand that this company does not make much money itself, but it is a subsidiary of the Southern Canada Power Company which will probably always have control of the company. This gives the added strength to the issue.

Consumers' Gas

Will you please give me some information regarding Consumers' Gas of Toronto, and Pacific Burt?

Consumers' Gas Co., of Toronto, is an extremely well managed, soundly financed utility with a contract with the city which tends to secure the return on the investment. There can hardly be a better security of its class.

Pacific Burt Co. is one of the so-called Moore group of companies. All these are well managed and conservatively financed, and it is reasonable to expect that investment in this company would result in a gratifying experience.

Dryden Paper

Together with fairly extensive investment holdings, I own ten shares of Dryden Paper. It has appreciated considerably of late and I am wondering whether or not I should continue to hold it. What are your views?

The present market price of your Dryden Paper stock amounts in all to about $130. If the company be ultimately acquired by the bondholders, you stand to lose only $130.

On the other hand, business during the past year has picked up materially for the sulphate pulp producers and as the company operates under a friendly receivership, we think you might perhaps hang on to this stock and simply regard it as a small speculation. We understand that the position of the company is such that there seems no danger now of the shareholders losing their equity in the property.

Dominion Steel

I am a preference shareholder of the Dominion Steel Corporation. I should appreciate a word or two from you regarding the position of the preference shareholders in this company.

Your Dominion Steel Corporation preferred does not look very attractive to us, for in the forthcoming reorganization of the British Empire Steel Corporation the holders of the various classes of stock will be forced to reduce materially the scale of their holdings. However, the one bright point in the outlook for the Dominion Steel Corporation preferred shareholders is the fact that this company holds $3,500,000 income bonds of the Dominion Iron and Steel Company and the Dominion Coal Company. The latter will probably always be able to make an operating profit and should provide some revenue for the Dominion Steel Corporation. In other words, the Dominion Steel Corporation still controls the Dominion Steel Company, which is the fundamental link in British Empire Steel Corporation's chain. However, you must not forget that your company has also guaranteed almost $5,000,000 of the second mortgage bonds of the Dominion Iron and Steel Company, which is now in the hands of the receiver. Thus it has a fair asset in the Dominion Coal Company and a liability in its other subsidiary.

Ontario Equitable

Would you please give me an idea of the strength of the Ontario Equitable Life Insurance Co. from the point of view of the shareholders, What possibility is there of added dividends in the more immediate future, and the price listing of the stock?

The Ontario Equitable Life and Accident Insurance Company is a comparatively new company. Its gross business last year was slightly less than its gross business the year before, but the financial condition of the company apparently was improved somewhat. The company probably will have its share of the difficulties which are encountered frequently by newcomers in this field, but there is no reason to believe that ultimately it will not be successful. A recent quotation was 24 bid.

Augustine Engine

I am enclosing a circular of a company which has been endeavoring to sell stock in this district. A number of my friends are already involved. I would appreciate advice with reference to this company.

We have no faith whatever in investment in the Augustine Automatic Rotary Engine Company of Champion Motors. Augustine and some other individuals have been selling stock in this or affiliated companies for fifteen years or more and we have yet to hear of a dividend being paid.

The stock selling methods of Augustine and his friends have been before the courts in Buffalo, N. Y. The Buffalo Better Business Bureau has criticised the methods employed. The company owns, or did own, a factory on Elmwood Ave., but so far as the Buffalo public knows, the principal asset of this factory was a gas well found in the rear, which furnished a flow of gas for the factory. We are of the opinion that if there ever was any merit in the rotary steam or gasoline engine, manufacturing could now be on a paying basis if the management had been paying attention to the manufacturing end rather than the stock selling end.

Algoma Steel Bonds

Please give me what particulars you can re Algoma Steel bonds due 1962. What has been the market price in recent years? Would these be good for a long hold?

The 5 per cent. bonds of the Algoma Steel Corp. 5's, due 1962, are highly speculative. A prior security is the issue of purchase money bonds for $5,800,000. The outlook for the Algoma Steel Corp. is not considered very bright, although its position is perhaps not so bad now as it was a year ago. There are not many predictions of improvement over a term of years unless the steel industry of Canada gets the measure of protection it has been asking of the government. Another factor in the situation is that the Algoma Co., while well located for manufacturing purposes, is somewhat remote from the most productive eastern markets.

These bonds are held mostly in London. Their highest price in recent years was 75¼ in 1918. The lowest price was 25⅞ in 1925. There has been rather wide fluctuations from year to year, but the trend of values has been downward. The present price is around 30.

There probably would be better opportunity for profit in investment in some of the standard common stocks than in these bonds, in our opinion.

Investment Trusts Restricted as to Class of Security Held

Fifth Article of a Series on Investment Trusts and Their Place in Canada

By MACKENZIE WILLIAMS, of A. E. Ames & Co., Toronto, Copyright, 1927.

We have seen in these articles the theoretical security backing each class of capital issued by an investment trust. The actual security depends much on the skill with which the investments are chosen and handled.

The practice, now universally followed by the leading and successful investment trusts, either by virtue of restrictions imposed or by virtue of established policies, is designed to give the investment portfolio a great diversification. The well-merited popularity of the soundly organized and conducted investment trust with the investor has its foundation in the fact that while he may hold one certificate there is behind that certificate a pro rata participation in hundreds of issues, including government, municipal, railroad, public utility and miscellaneous industrial enterprises usually of world-wide origin. The investor feels reasonably well assured that his investment is safe, because of the great variety of collateral behind his certificate. The income to pay his interest or his dividends comes from innumerable sources with great geographical distribution. The law of averages produces for the trusts fairly uniform results. Conditions which may adversely affect some securities or countries are working out favorably as regards other securities or countries; the one balancing the other. This is, perhaps, the main reason for the fact that out of 150 trusts listed on the British exchanges, but few have failed to pay interest or dividends, even in times of the greatest economic upheaval and war. The majority have paid substantial dividends on common shares for long periods. In view of the foregoing considerations, the conclusion is inevitable that one of the most vital features affecting the operation of investment trusts are the restrictions, regulations and policies regarding the selection and choice of investments. This lies at the very heart of the investment trust's successful performance.

Type of Securities Held

An examination of the lists of securities held by investment trusts is illuminating and decidedly impressive from many standpoints. The first striking feature is the length of the lists; a second feature is the geographical distribution; a third, their varied character; a fourth, the relatively small amounts invested in any individual issue. Though British trusts have an average capitalization of £1,461,000 or approximately $7,200,000, yet the great majority of holdings seem to be amounts of about £7,000 or £8,000.

In the Articles of Association of the British investment trusts, the commonest situation is that not more than 5 per cent. of the issued capital shall be invested in one security or undertaking; some are restricted to 3 per cent. or 4 per cent.; 10 per cent. is quite common, while others give the directors a wide latitude. In a few, there is a limitation on the extent of investments in any one country. Usually, all types of investments are allowable, including bonds, debentures, debenture stocks, preference stocks and ordinary stocks. Usually, the lists contain a larger proportion of stocks than is generally found in the investment lists of insurance companies or banks. The better managed investment trusts have such adequate analytical facilities and abundance of information that they can exercise a nice discrimination in the choice of securities. This enables them to judiciously mix a large proportion of investment securities with a relatively small proportion of issues having not only investment strength but having, in addition, reasonable possibilities of appreciation.

Diversification

Perhaps the best method of gathering a correct idea as to the methods adopted or provisions made to insure diversification will be gained by giving a summary of the chief points in the regulations of one of the leading companies. One of the most successful trusts in operation in the United States assures a broad diversification of risks by the following, among other, provisions:

(1) Not more than 70 per cent. of the total resources may be at any one time invested in securities originating in the United States.

(2) Not more than 55 per cent. may be invested in securities originating in England.

(3) Not more than 35 per cent. may be invested in securities originating in any other country.

(4) A maximum of 10 per cent. of the total funds which may be invested in securities originating in any one country may be invested in securities representing any one distinct class of business or industry.

(5) A maximum of 1¾ per cent. of the total funds which may be invested in securities originating in any one country may be invested in any one such security other than government obligations.

(6) The trust cannot under any conditions purchase or hold the majority interest in any one issue of securities.

(7) Under present agreements, the trustees have restricted investment in securities of any one issue to an average of not more than 25c. out of every $100 invested.

(8) Every security purchased must be seasoned and marketable.

(9) The issuing government authority or corporation shall have been established for a period of at least four years.

(10) The restrictions under which investments are made require that the asset values back to all the corporate securities purchased shall be at least 200 per cent. of the purchase price with respect to bonds and 150 per cent. with respect to the preferred and common stocks.

(11) All bonds or stocks must be bought at figures which in view of previous and prospective earning power seem well below intrinsic values.

(12) The trustees shall sell or dispose of any securities within one year after they have ascertained that such securities would not then be eligible for purchase.

Investment trusts have sometimes been referred to as holding companies. The functions of the two types of organizations are in reality as far apart as the poles. The only point of similarity is that both organizations hold securities. The purpose of the holding company is to control by stock ownership industries or a group of industries which have the same or similar purposes or products. This control usually has for its object a very close participation in the direction of the affairs of the enterprise concerned. Thus the holding company idea is particularly applicable to such a group as public utilities. The operation of the holding company implies special technical knowledge or skill in the management and direction of one type of enterprise. The function of the investment trust is simply to pick out thoroughly well secured investments, which have behind them a traditional record of success and which have assurance of continued success and growth. Section Six in the provisions above specifically prevents entanglements which might sometimes arise if control involving operation were in some cases secured. Such control might at times reasonably be one of the functions of a financial trust.

March Investment List

Yielding sound income returns from 4½% to 7%, the investor will find in this monthly publication a well diversified list of Government, Public Utility and Industrial Securities. The information given on each security is sufficiently detailed to allow you to reach an immediate decision as to what suits your requirements. We will be glad to send you a copy.

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TORONTO 14 King Street E.
OTTAWA 46 Elgin Street
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Realizing the growing importance of Canada's resources of industrial raw materials and minerals to supply the present needs of manufacturers and to form the basis of new industries the Canadian Pacific Railway maintains an organization to assist manufacturers and shippers and to further industrial development along its lines.

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Information and assistance also given to those seeking location for their business or plants or looking for extensions of existing industries. Under this latter heading data can be supplied on industrial sites, empty warehouses, manufacturing and labour and other conditions.

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MONTREAL
6½% First (Closed) Mortgage Bonds. Due Sept. 1st, 1941.

These Bonds constitute a first mortgage representing less than 50% of the appraised depreciated value of the property owned by the Company on St. Catherine Street, Montreal.

They are a safe, reliable investment and one that we recommend.

PRICE: Par and accrued interest yielding 6½%.

Write for special circular.

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THE NATIONAL CITY COMPANY CANADA

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Due October 1, 1941

Canada Steamship Lines Limited is the greatest inland water transportation system in the world. The acquisition of two additional fleets has greatly enhanced the cargo-carrying capacity of the Company and should conduce towards important operating advantages and economies. The Company enjoys excellent management and it is generally conceded that its prosperity will go hand-in-hand with the prosperity of the Dominion. Circular upon request.

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Please forward, without obligation, your booklet, "The Highroad," and information about issues of First Mortgage Bonds now being offered.
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News of Investment Markets

FRENCH LINE SECURES MONEY FROM CANADA

Issue of $4,500,000 Floated Successfully by Canadian Syndicate

The first recent foreign issue to be handled in its entirety by a Canadian syndicate this year, was offered this week by the Dominion Securities Corporation and the Canadian Bank of Commerce in the form of $4,500,000, 6½ per cent. sinking fund bonds of the French Line.

Proceeds of the present issue will be used to further improve the maritime postal service between Havre and New York. To this end, the company has decided to build two new large liners for that service. The first, of over forty-two thousand tons, is due to be completed in the next few months. The present issue is to provide for this construction.

Operates on World-Wide Basis

Although the French Line is not very familiar to Canadians, it is recognized as one of the most important operating between the United States and France, and in years of operation ranks with the better-known English shipping organizations. In 1914, the company's fleet aggregated 383,000 tons and it owned no interest in subsidiaries. Additions were made during the war and post-war periods and at the end of last year, the company possessed a fleet of 101 vessels, including 37 liners and passenger ships, aggregating more than 532,000 tons. In addition, the company has an interest in subsidiaries or controlled companies whose fleets exceed 184,000 tons. Substantial interests have also been acquired in an important shipbuilding company and advantageous concessions for dock facilities at New York, Havre, Saint Nazare, Bordeaux, Marseilles and the West Indies, etc.

The company operates passenger and freight lines connecting France with the United States, Canada, Mexico, Cuba, Haiti, Porto Rico, the West Indies, Panama, Colombia, Guiana, with all ports on the Pacific from Vancouver to Valparaiso, also with England, Belgium, Spain, Poland, Morocco, Algeria and Tunis. It also controls a North African hotel and travel company, which it created as an extension of its steamship lines and which exploits in Algeria, Tunis and Morocco forty hotels connected up by a system of automobile services.

Details of the issue follow:

$4,500,000
French Line
(La Compagnie Generale Transatlantique)
External 6½ per cent. sinking fund gold bonds.
Dated February 15, 1927 Due February 15, 1951

Company—Operate steamship service in different parts of the world, as well as an hotel and travel agency in North Africa.

Purpose of Issue—To provide funds for construction of 42,000-ton liner.

Finances—After present financing as follows:

Ordinary shares	Frs.	123,000,000
Preference shares	Frs.	12,000,000
Bonds, French currency	Frs.	319,377,500
Sterling Bonds	£	1,500,000
Dollar bonds (this issue)	$	4,500,000

Earnings—Estimated earnings, both gross and net, for fiscal year 1926, largely in excess of such earnings for the fiscal year 1925. (Company paid 6% on ordinary share capital in 1925).

Sinking Fund—Commencing August 15, 1927, has been provided, to redeem the entire issue by maturity. The company may deliver bonds to sinking fund, but to the extent that bonds are not so delivered, bonds will be redeemed by drawings by lot at 100 and accrued interest on 21 days' notice by publication in one daily newspaper in Montreal and Toronto, once a week for at least three weeks preceding date fixed for redemption.

Guarantee—Direct obligation of the French Line, ranking equal with all outstanding bonds of the company and are guaranteed both as to interest and sinking fund by the French Government.

Offered—By Dominion Securities and Canadian Bank of Commerce at 94½ and interest, to yield 6.98 per cent.

More Foreign Bonds

The apparent success of recent foreign bond issues floated in Canada will, it is understood, lead to the placing of at least two other issues within the next week or so. These are said to be offerings of Brazil and Peru, which will be placed with New York bond dealers and then farmed out to certain Canadian houses.

No information is available as yet to the amount that will be placed in Canada, but it is more than likely the distribution will be larger than that of recent issues of South American republics.

HOLDING COMPANY SELL DEBENTURES

International Power Company Debentures Sold to Yield 6½%

From Our Own Correspondent

MONTREAL.—A syndicate composed of the Royal Securities Corporation, Greenshields and Company, Hanson Bros. and R. A. Daly and Company is making an offering of debentures of the International Power Company. Previously the company had no outstanding capitalization senior to its first preferred shares, but the present financing was undertaken to provide for the acquisition of the Porto Rico Railways Company and to provide funds for the extension of the properties of some of its subsidiaries.

Particulars of the present issue of debentures follow:

$3,000,000
International Power Company
6½ per cent., thirty-year debentures.
Dated March 1, 1927, maturing March 1, 1957.

The company: A public utility holding and operating company controlling properties situated in Bolivia, British Guiana, Newfoundland, Porto Rico, Salvador and Venezuela. The population of the territories served is 800,000 and the light and power customers of the subsidiary companies number more than 53,000.

Capitalization:

	Authorized	Issued
6½% 30-Yr. Gold Debs.	....	$3,000,000
7% cum. 1st pdf. stock	8,000,000	5,000,000
6% con. 2nd Pfd. Stock	2,000,000	2,000,000
Com. St'ck (no par val.)	150,000 shs.	110,000 shs.

Security: The debentures are a direct obligation of the company and further debentures may only be issued under restrictive conditions as set forth in the agreement between the debenture holders and the company.

Controlled properties: Have been in successful operation for many years; many of the properties have expansion in view.

Earnings: The combined earnings of the subsidiaries over the past four years show an annual substantial and satisfactory increase in both net and gross. In 1926 the earnings from the subsidiary companies applicable to debenture interest amounted to $826,877 as compared with debenture interest amounted to $826,877 as compared with debenture interest requirements of $195,000.

Offered: February 1927, by the Royal Securities Corporation at par.

SLEEMAN BREWERY SHARES ON MARKET

Toronto Interests Purchase Control of Old Guelph Concern

Sleeman's Spring Bank Brewery, Guelph, has been purchased by Toronto interests as a going concern and is to be remodeled and brought up to date by the installation of new equipment. To this end a public offering of shares is being made.

The company has secured a new charter which embodies very wide powers, giving not only the usual privileges which accompany all brewery concerns, but in addition it has distillery, export warehouse and other valuable rights.

Harry O. Sleeman, for years associated with the industry, will continue as master brewer. The company prides itself on the great springs from which it draws its water and which provide a large flow of the purest water right through the building continuously.

Duggan Joins Duncanson, White

Duncanson, White & Co., of Toronto, will now be represented on the floor of the Toronto Stock Exchange by Robert B. Duggan. Mr. Duggan, who has been practising law in Toronto, became associated with the firm on March 1. For several years Mr. Duggan lived in Pittsburgh, Pa., and is a director of the Pittsburgh Steel Products Co. of that city.

Splitting Massey-Harris Common Will Disfranchise Small Holders

(Continued from page 1)

to make an issue in which there will be exactly the same number of trading units as at present.

There does not seem to be a valid reason for the ostensible attempt to maintain theoretical voting equality between the preferred and the common, since the step will tend to reduce the voting strength of the common. Voting rights are essential for a common stock. A common stock without a voting right is of value only at the pleasure of the directors who are elected by holders of other classes of shares which have voting rights.

What harm would accrue to the preferred shareholders if they were outvoted by the common shareholders? This preferred stock is preferred as to assets, as well as dividends, and as Massey-Harris has no funded debt, the preferred is a first charge on the property after current liabilities.

Action Will Be Final

Issue of non-voting common stocks, while new to Canadian financing, in recent years has become somewhat fashionable in the United States. But while other fashions are ephemeral in character, the nullification of a shareholder's right to vote is final. Once it is done it is never undone while the corporation itself lives.

In effect, the directors of Massey-Harris Co. are declaring that the common shareholders must not have as many votes as there are shares because there will be too many common shareholders. This restriction may be expedient from the viewpoint of the management at the moment, but it is not sound from the viewpoint of the great body of common shareholders who, with the preferred holders, own the company. In practice, the result of this policy would be to concentrate control in a group which probably would not need to hold more than a comparatively small percentage of the outstanding common stock.

Ripley on Non-voting Stocks

The managerial attitude which would disfranchise small shareholders is in strong contrast to the attitude of a commission in New York state which in 1900 proposed a law which would have given a voting right to bondholders as well as preferred shareholders in corporations. Professor W. B. Ripley, who was the author of a trenchant article in the Atlantic Monthly a year ago on the current fashion in corporate financing, remarked, with regard to an issue of non-voting common stock, that the plan bore "every appearance of a bald and outrageous theft of the last tittle of responsibility for management from the actual owners by those who are setting up these latest financial erections."

Two men at present own effective control of Massey-Harris Co. through purchase of the Massey Foundation and other blocks of shares. It is their purpose to bring about a diffusion of ownership of the shares. The splitting up of the stock—assuming that the shareholders do not rebel at the proposal to disfranchise the small holders—will facilitate this distribution and possibly will net the present holders a profit on their transaction. But while these men intend to sell the bulk of their holdings recently acquired, they will not be surrendering the control of the company which was acquired at the same time,

Sell Stock; Retain Control

Control will remain unchanged for two reasons. First, in the words of Prof. Ripley, "the wider the diffusion of ownership, the more readily does effective control run to intermediaries." Second, disfranchisement of holders of one, two and three shares, or of shares above any number which cannot be divided by four, will place a greater degree of control in the preferred and among the large individual holdings, to the partial or complete nullification of control which theoretically may rest with a large body of shareholders.

The minority shareholder's voting right, even if rarely exercised, is there for his protection and sometimes it has been effective when "some resolute stockholder"—again we quote Professor Ripley—"has risen in his place and organized a protective committee or dissenting group."

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Water Power As a Means of Investment

The bonds of strategically located, well constructed and ably managed water power companies offer a means for investment that commends itself to all thinking investors.

We would be glad to furnish you with details of two issues which we unreservedly recommend.

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6½% 20-year Bonds
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PRICE: 99.50 and Interest
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REPORT PROVES FANFOLD CORP. IS PROSPEROUS

Earnings For Year 50 Per Cent. Greater Than For Prior Nine Months

The second report of the directors of Gilman Fanfold Corp. shows profits of $312,549 for the year ended December 31, 1926, compared with $200,267 for the last nine months of 1925, which was the first nine months since the business became a public company. This is a profit of $169,695 after deductions for depreciation, patents written off, and provision for taxes. This is equivalent to $11.71 per share earnings on the common after payment of preferred.

President S. J. Moore asserted that the progress of the company had come up to expectations and that in the development of modern business practice, the field for fanfold forms is steadily widening. For this reason further growth of the company may be anticipated.

Profit and Loss

	12 Mnths 1926	9 Months 1925
Profits	$312,549	$200,267
Depreciation	109,020	57,732
Writ. off patents	5,833	4,443
Taxes	28,000	17,500
	$142,853	$ 79,675
	$169,696	$120,592
Pref. dividends	52,500	85,000
Com. dividends	60,000	40,000
Balance	$ 57,196	$ 45,592
Previous balance	45,591	....
P. & L. balance	$102,787	$ 45,592

This Week's Bond Sales

County of Ontario

An issue of $25,500 County of Ontario, 5%, 20-year bonds has been awarded to Stewart, Scully Co., on a bid of 100.361, which is equal to a cost basis of 4.97%. The bids were:

Stewart, Scully Co.	100.361
Bell, Gouinlock & Co.	100.33
Wood, Gundy & Co.	100.157
McDonagh, Somers & Co.	100.128
Dyment, Anderson & Co.	100.081
Brouse, Mitchell & Co.	100.08
Securities Corporation	100.07
R. A. Daly & Co.	100.06
Fry, Mills, Spence & Co.	100.06
J. L. Graham & Co.	99.87
C. H. Burgess & Co.	99.87
McLeod, Young, Weir & Co.	99.83
Harris, MacKeen & Co.	99.81

Tenders and By-laws

March 7. Municipality of Bagotville, P.Q.—$35,000 5½% serial bonds. A. Potvin, Sec.-Treas.

March 7. Municipality of St. Fulgence, P.Q.—$25,000 5½% serial debentures. L. Tremblay, Sec.-Treas.

March 9, Walkerville—$222,672, 5%, 5, 10 and 15 year bonds.

School Commission of the town of Lasalle, P.Q.—$15,000, 5½% serial bonds. J. Berube, Sec.-Treas.

March 15, Regina—$227,675, 5%, 15 and 30 year debentures. D. D. Ross, City treas.

Saskatchewan

Authorization granted by the local government board from February 5 to February 19, 1927.

Schools—Albert, No. 689, $4,500; Melaval, No. 3980, $6,000; Boldenhurst, No. 3485, $2,000; Emsdale, No. 4047, $1,700; Tetlock, No. 289, $4,000; Melba, No. 4651, $2,500; Aylesbury, No. 2127, $14,000; Colorado, No. 4666, $8,000; Birsay, No. 4462, $5,000; Rolling Plains, No. 2557, $3,800; Glenrose R.T. Co., $4,500; Village of Bengough, $3,000.

UNLISTED SECURITIES

	Bid	Asked
Brooks Motor, 1 pref. & com.	..	7
Do., 1 pref. & 2 com.	..	9
Can. Machinery, com.	5	6½
Can. Westinghouse, com.	184	190
Chase, A. W., com.	..	10
Do., pref.	..	80
Dunlop Tire, pref.	91	..
Fanny Farmer, com.	25	27
Farmers Dairy, com.	62	..
Goodyear Tire, 6% pref.	96	..
Gunns, Ltd., pref. (new)	100	103
King Edward Hotel, Deb. A.	69	72
King Edward Hotel, Deb. B.	59	62
Loew's Buffalo, pref.	45	52
Nat. Grocers, 1st pref.	95½	98
Nat. Grocers, com.	2	6
Continental Life, 20% paid	42	52
Crown Life	150	..
Empire Life	25	29
Excelsior Life, 29% paid	66	..
Great West Life	435	455
Monarch Life, 10% paid	34	..
Mortgage Discount, pref.	6	6¾
Ontario Equitable	27	29
Re-Insurance	27	30
Security Life, 40% paid	26	31
Sun Life, 75% paid	675	..
Toronto Finance, pref.	3½	4
Willard's, pref.	67	71
Canada Life	725	..
Capital Life, 20% paid	19	22
Farmers Dairy, pref.	100	104

Dictaphone Corp. Earns $1.56 on Common Shares

President C. K. Woodbridge, of Dictaphone Corp. states that preliminary estimates 1926 are expected to show new profits of $506,638, after depreciation and taxes. Allowing for the eight per cent. dividend on the preferred stock, this equals $4.22 a share on the outstanding no par common, compared with earnings of $1.56 per share in 1925.

This increase was due to larger sales at home and abroad and improvements in manufacture.

The Dictaphone Sales Corp. is the Canadian subsidiary. When stock was placed on the market the par value was $100 and five shares of common were given as a bonus.

The last quotation on common was $32. This is on a $1 annual dividend rate.

Arrangements Completed For G. T. P. Stock Switch

From Our Own Correspondent.

MONTREAL.—The holders of the Grand Trunk Pacific Railway 4 per cent. debenture stock have received a notice that the plan of an exchange of securities to which they gave their assent last August, has been approved by Act of Parliament. Accordingly, the Grand Trunk Pacific Railway Company 4 per cent. perpetual debenture stock register will be closed on March 21.

The debenture holders are to receive in exchange new Canadian National Railway Company guaranteed debenture stock and registers will be closed to the transfer of new stock between March 21 and April 10. Warrants for the half year's interest accruing from July 1, 1926 will be mailed before the middle of April. In the meantime the holders of the old debenture stock are to forward their certificates after March 31, 1927 to the registrar.

Brown Corp. Expands

MONTREAL.—The Brown Corporation, the Canadian subsidiary of the Brown Company, of New Hampshire, has purchased the assets of the Cap Magdalen Pulp and Lumber Company for $875,000. There was outstanding on the Cap Magdalen property $1,200,000, 7 per cent., first mortgage bonds; thus, the bondholders will suffer some loss. No announcement has been made regarding the possible expansion which the Brown Corporation may undertake in Gaspe.

RAILWAY EARNINGS

Canadian Pacific

Week end.	1927	1926	Change
Feb. 21	$3,216,000	$2,911,000	+$305,000

Canadian National

Week end.	1927	1926	Change
Feb. 21	$4,823,216	$4,692,183	+$131,032

Unlisted Bonds

	Bid	Asked
Abitibi P. & P. 6s, 1940	104	105
Algoma Steel 5s, 1962	29½	30¾
Alberta Pac. Grain 6s, 1946	97¼	98
Anticosti Corp. 6½s, 1941	102½	103¼
Bell Telephone 5s, 1955	101⅛	101⅝
Belgo Can. Paper 6s, 1943	102¼	102⅞
Brandram Henderson 6s, 1936	95½	97
B.C. Pulp & Paper 6s, 1950	83	93
Brompton P. & P. 6s, 1946	99¼	99¾
Burns P. & Co. 6½s, 1943	103¼	104¼
Calgary Brewery 5s, 1942	88½	90
Calgary Power 5s, 1940	92½	93¾
Canada Lt. & Pr. 5s, 1949	93½	94⅝
Can. Nor. Power 6½s, 1941	101⅛	102
Canada Paperboard 7s, 1937	98	99
Can. Steamship 5s, 1943	99	99½
Can. Steamship ½s, 1941	97⅝	98⅜
Can. Steel Fndry. 6s 1936	104½	105½
Davies, Wm., 6s, 1942	93¼	94
Dominion Iron 5s, 1939	28½	30½
Dom. Power & Tr. 5s, 1932	96¾	97¾
Dominion Textile 6s, 1949	106½	108
Drummond Investment 6½s, 1938	99	100
Duke Price Pr. 6s, 1966	105	105½
East Kootenay Pr 7s, 1942	103¾	105¼
Elec. Development 5s, 1933	100⅛	100⅝
Famous Players 6½s, 1943	99	100¼
Fraser Co. 6s, 1950	99⅛	99½
Gatineau Power 5s, 1956	96⅝	96⅞
Gatineau Power 6s, 1941	99½	100
Howard Smith P. & P. 7s, 1941	103⅝	104¼
Internat'l Paper 6s, 1941	97¾	98½
King Edward Hotel 7s, 1944	93	94½
Lake Superior P. & P. 6s, 1941	106¼	107½
Laurentian Pr. 6s, 1936	102¾	103⅛
Laurentide Pr. 5½s, 1946	101¼	102
Maple Leaf Mfg. 6½s, 1943	103¾	105
Maritime Tel. & Tel. 6s, 1941	103½	105
Manitoba Pr. 5½s, 1951	99¼	99⅞
Mattagami P. & P. 7s, 1949	112	116
Mercury Mills 6½s, 1942	100¾	101¾
Mont. L. H. & Pr. 5s, 1951	99½	100
Mont. Pub. Service 5s, 1942	99⅛	99⅝
Nor. Can. Pr. 6s, 1945	101½	102¼
Nor. Ont. L. & P. 6s, 1946	101⅝	102
Nor. West Utilities 7s, 1938	99½	100⅛
Nova Scotia Steel 5s, 1959	60	64
Nova Scotia Steel 6% Debs.	32	36
Nova Scotia Tram. 5s, 1946	91¼	93
Nova Scotia Tram. 7s, 1952	99½	100¾
Ont. Pulp & Paper 6s, 1931	109½	111
Ottawa Hull Pr. 6s, 1948	103⅝	104½
Ottawa L. H. & Pr. 6s, 1953	105	106
Ottawa Mont. Pr. 6½s, 1949	103	103⅝
Ottawa Riv. Pr. 6½s, 1953	103	103¾
Ottawa Trac. 5½s, 1955	101¼	102
Port Alfred P. & P. 6½s, 1943	102¼	102¾
Price Bros. 6s, 1943	104	104⅝
Prov. Lt. & Pr. 5s, 1946	100¼	101¼
Page Hersey 6s, 1946	102	103
Quebec Pr. 6s, 1953	106¾	107¾
Rio Tramway 5s, 1935	95½	96
Sao Paulo Tram. 5s, 1929	97½	98¼
St. Lawrence Paper 6s, 1946	98	98¾
St. Maurice Pr. 6½s, 1953	108¼	108¾
St. Maurice Valley 6s, 1945	99¾	100½
Shawinigan W. & P. 6s, 1950	105½	106¼
Simpson, Robt. 5s, 1952	95	96½
Simpson's, Ltd. 6½s, 1945	103	103⅝
Southern Can. Pr. 5s, 1955	98½	99⅛
Spanish Rvr. P. & P. 6s, 1931	109	110
Spanish Rvr. P. & P. 8s, 1941	107	108
West Kootenay Pr. 6s, 1943	103½	104½
West Pr. of Can. 5s, 1949	97	98

BOND MOVEMENTS OF THE WEEK

Week Ending March 1

Bonds—	Int. Rate	Due	Yield	Range, 1926 High	Range, 1926 Low	Range, 1927 High	Range, 1927 Low	Ask	Bid	Latest Price High	Latest Price Low
Asbestos, gen. mtge.	6	1956	6.53	88¾	81	94¼	88	93	92¼	93	92½
Do. 1st mtge.	6	1941	5.87	..	...	101⅜	96¼	102¼	101¼	101⅛	..
Can. Cement	6	1929	5.36	103	100½	102¼	100½	102	101½	101¾	..
Can. Cottons	5	1940	5.30	99½	95	97¼	97	..	97¼	97	..
Montreal Power	5	1933	5.02	99½	99½	100	99½	..	..	99⅞	..
Montreal Trams. "A."	5	1955	5.20	95	92½	97¾	94¼	97	96½	97	96¼
Quebec Rly.	5	1399	5.19	100	91⅞	99½	96	98⅝	98	98¼	..
Wayagamack	6	1951	6.11	100⅝	90	100	97	99½	98¼	98¾	97
War Loan	5	1931	4.60	102.40	100.35	101.85	101.00	101.65	101.25	101.75	101.65
Do.	5	1937	4.59	104.65	102.75	104.20	102.90	103.90	103.55	103.60	103.50
Victory Loan	5½	1927	4.60	102.50	100.15	101.00	100.25	100.85	100.70	100.70	100.25
Do.	5½	1933	4.73	106.35	103.20	104.80	104.00	104.50	104.30	104.50	104.30
Do.	5½	1934	4.90	104.40	102.65	104.05	103.15	104.00	103.85	103.90	103.75
Do.	5½	1937	4.60	109.30	106.70	108.00	106.90	107.50	107.30	107.60	107.25
Do., Renewal	5½	1927	4.50	101.95	100.00	100.80	100.20	100.75	100.50	100.35	100.20
Do., Renewal	5½	1932	4.91	103.85	102.00	103.45	102.45	103.40	103.15	103.45	103.00
Do., Refund	5	1928	4.60	101.35	99.00	101.00	100.00	100.85	100.65	100.85	100.65
Do.	4½	1940	4.66	96.95	95.60	98.70	96.60	98.45	98.25	98.35	98.25
Do.	5	1943	4.76	102.80	101.10	103.00	102.30	102.75	102.55	102.75	102.30
Do.	4½	1944	4.62	97.15	95.70	98.85	96.60	98.50	98.32	98.50	98.20
Do.	4½	1946	4.62	96.90	95.65	98.60	96.70	98.60	98.40	98.40	98.30

IMPERIAL OIL TO DRAW MORE CRUDE IN 1927

Full Benefit of Colombian Pipe Line to be Felt This Year

Crude oil production of Imperial Oil, from the South American properties of International Petroleum, which it controls, will be higher in 1927 than in 1926, it is expected. International Pete had to await completion of a pipe line from the interior of Colombia before it was able to bring out large quantities of the oil.

Completion of the line permitted movement of a total of 6,553,540 barrels from the properties last year against but 66,000 barrels in 1925. Added to the 8,632,000 barrels of crude produced in Peru, Imperial's underlying property produced a total of 15,075,540 barrels in 1926, the best year it ever had.

Crude Output Expanding

Use of the pipe line's capacity of 30,000 barrels a day for all of 1927, and the looping of the line to 50,000 barrels capacity to be completed about July 1st, will greatly expand production of crude. C. O. Stillman, president of Imperial Oil, expects production of 14,500,000 barrels from the properties in 1927, of which about 13,500,000 will be exported and balance used locally. Production in Peru should be at least as good as last year, so that Imperial should have a crude production of about 22,000,000 barrels in 1927.

With full pipe line capacity operating, Mr. Stillman expects production of 18,000,000 barrels from Colombia in 1928; an even larger production is likely if the pipe line capacity is expanded late this year or in 1928 beyond the 50,000 barrels capacity.

It will be seen from this that the large project entered into some five years ago, when Imperial took over the then scarcely developed Tropical Oil properties, is to bear fruit in substantial fashion this year. It should exceed production in Peru for the first time. Something like $35,000,000 was spent in the Colombian pipe line operation, owned by Andian Nation Corp., the drilling of more than 140 wells, geological work, transport, telegraph, harbors, roads, sanitation, refinery and other installations incidental to opening up virgin oil territory more than 350 miles in the interior of a tropical country.

Over 100,000 Bbls. Daily

End of 1926 Colombian properties had 141 producing wells with potential capacity of probably more than 100,000 barrels daily. Drilling in 1926 resulted in 72 producers, out of 74 drilled. A test of 67 producing wells showed initial flush production of 74,650 barrels.

Last year's development was not confined to the Infantas structure, the initial anticline which is largely proven. The La Cira anticline was found productive in these horizons with the lowest corresponding to that of the Infantas and yielding even larger. A third structure, San Luis, was proven productive by one well and the Colorado structure is now being tested.

Peru properties averaged better than 23,000 barrels a day with 1,316 producing oil wells, 124 new producers having been added in 1926. The largest had production of 3,100 barrels a day and in all the company drilled 260,000 feet of wells last year, with 50 strings of tools running start of 1927.

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WRITE GOODWILL DOWN TO DOLLAR IN BURT REPORT

Other Items Account For Apparently Less Favorable 1926 Showing

F. N. Burt Co.'s report for 1926 shows operating profits of $664,727, compared with $801,040 for 1925, and $459,124 was taken out of the reserve of $1,146,404 for payment of dividends and to make provision for taxes and similar charges.

It might not appear a very favorable report at first glance. But comparison of the balance sheet for 1926 with the 1925 balance sheets shows that large sums have been taken out of earnings for capital purposes. Where in the 1925 report, goodwill and patents appeared as an asset worth $750,296, goodwill has been written down to $1 in the 1926 report and patents are written down to $196,461. Thus is $550,000 lopped off the assets side. Nor is that all. A new factory building at Seneca and Hamburg Streets, Buffalo, so far has cost the company $443,287 and it has been paid for entirely out of earnings.

President S. J. Moore, in his remarks to shareholders, notes the transference of $100,000 from surplus to reserve for taxes and points out that the writing down of goodwill required the transference of $534,775 from surplus. He also notes that the book value of patents represents only a fraction of their real value.

Profit and Loss

	1926	1925	1924
Profits	$ 664,727	$ 801,040	$ 574,657
Less:—			
Taxes	100,000	254,035	44,437
Depreciation	138,844	162,122	208,585
Patents	25,695	25,821	24,996
Pref. div.	7,649	12,293	24,930
Com. div.	316,887	295,970	236,905
Writ. off goodwill	534,776	....	....
	$1,123,851	$ 749,741	$ 539,853
Balance	x$ 459,124	$ 51,299	$ 34,804
Prev. bal.	1,146,404	1,095,105	1,060,302
P. & L. bal.	$ 687,280	$1,146,404	$1,095,106

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WEEKLY RECORD OF FINANCING IN CANADA

SALES BY MUNICIPALITIES, PROVINCIAL AND DOMINION GOVERNMENTS.

Place	Date Sold	Municipal —Sold To—	Rate	Maturity	Amount	Price	Cost Basis
County of Ontario	Mar.	Stewart, Scully Co.	5%	20-yr.	$25,500	100.361	4.97
Stayner	Feb.	C. H. Burgess & Co.	5½%	15-ins.	23,400	103.187	5.04
Fort Frances	Feb.	Harris, MacKeen & Co.	5½%	20-ins.	25,000	101.20	5.35
Coronach Sch. Dis. Sask.	Feb.	H. M. Turner & Co., Regina	5¾%	15-yr.	3,000	....	....

OFFERINGS OF CORPORATIONS AND FOREIGN SECURITIES

Bond Issues	Date Issued	Offered by	Rate	Due	Amount	Price	Yield
Drummond St. Realty	Feb.	Johnston & Ward, Ernest Savard and Credit Canada	6½%	1942	$200,000	100	6½%
Can. Department Stores	Feb.	Municipal Bankers, Bond & Sales Corp.	7%	1947	4,250,000	100	7%
French Line	Feb.	Dom. Securities and Bank of Commerce	6½%	1951	4,500,000	94½	6.98
Lake St. John Power & Paper	Feb.	Dom. Securities Corp	6½%	1942	3,000,000	98	6.7
International Power Co.	Mar.	Royal Securities Corp. and Syndicate	6½%	1957	3,000,000	100	6½
Ste. Catharine Imp. Co.	Feb.	Ernest Savard and Syndicate	6½%	1947	300,000	100	6½
Stock Issues—							
Hilton Bread Co.	Mar.	A. E. Pearce & Co.	7%	Cum.-pref.	$200,000	$10	...
				(Carrying 100% bonus of common)			
Narrow Lake Mining Co.	Mar.	Ruggles & Ruse			240,000 shs.	50c.	...
Federal Distillery	Feb.	....		Cum.	20,000 shs.	$6.50	...

Insurance for Buyer and Seller

FEW WEALTHY MEN HAVE READY CASH; NEED INSURANCE

Harder to Keep Wealth Than to Make It, Says J. C. Joy

In the matter of insurance for wealthy men, says J. C. Joy of the Imperial Life, Montreal, there are three things that must be remembered by the insurance underwriter. In the first place, wealthy men seldom have a lot of ready cash, secondly that it is much harder to keep wealth than to make it, and finally that wealthy men find it not so easy to get wealth in proportion to their probable needs. In describing his experiences in writing this class of risk, Mr. Joy says that there are three classes of wealthy men that stand out; the capitalist, which includes the investment and commercial banker· the industrial magnate, and the wealthy professional man.

"One class of investment men are the stock brocker, who I consider need life insurance very urgently, as they have not got the same means of protection as the industrial magnate, inasmuch as they cannot limit their liability and they are usually two. three or more partners in each firm. I urge them to take life insurance on each partner for the benefit of their wives and payable on an income basis.

Selling to Big Industrialist

"In dealing with the industrialist, who usually has a great deal of money tied up in plants, ask him in a dignified way what he intends to do with his business, and you will more than likely uncover one or more good reasons for the purchase of a large policy. You will get much farther ahead with him in this way than if you go in and tell him that he should have indemnification insurance, credit insurance or stock purchase. In dealing with the industrial man, or business man, I would suggest that you familiarize yourself with corporation laws, as you can be of service to a man in the matter of having the beneficiaries properly stated, thus assuring him that the insurance will do that which he wants it to do and in many cases saving thousands of dollars in taxes. I have found an excellent method of approach in the matter of dealing with industrialists, is to make a copy of some agreement that I have had something to do with, and tell a man that it is an agreement drawn up for the disposal of his competitor's business, not mentioning any names, of course. He will read it and will more than likely ask you how he could use such an agreement in his own business.

Gives Peace of Mind

"Life insurance will give peace of mind to the man who is conscious that his death would ruin an enterprise promising at maturity millions of dollars of profit. I know of an estate in Montreal which was worth in the neighbourhood of $2,000,000 as at the time of the creator's death. There was practically no ready cash, and fortunately this man had appointed two or three of his business associates who had his and his family's interest at heart. These men convinced the heirs to the estate that it was not the proper time to make a division, and personally supplied the ready cash required to keep these heirs together for a period of two years. If this man could see the situation as it actually took place in his estate I don't think he would have hesitated to procure sufficient insurance to keep his family and provide the necessary cash payment.

"Somebody may ask why it is that wealthy men have less than one per cent. ready cash in their estates. The answer is that so many opportunities come to them in the course of a day, and they are bound regardless of what resolution they have made, to avail themselves of this opportunity. It is for this reason that we find estates as a rule in very bad need of this very necessary commodity, ready cash.

Business Man's Human Value

"When calling on the wealthy professional man point out to him his human value. With very few exceptions professional men do not create organizations that work for them and all their value ceases with their death. If insurance is put up to them in the right light it should not be any more difficult to convince them of the wisdom of insuring this economic value up to 100 per cent. than it is to convince them that they need $1,000 of fire insurance on $1,000 of property, and the need of building an organization through the medium of life insurance which will work for him in disability or old age.

"In summing up, my advice to you would be this, acquire all the knowledge you can about every business which has within it the factors of creating a lot of wealth, in addition cultivate a personality which will permit you to enter into the presence of these wealthy gentleman and first, when you do go to see them have something very definite to say to them which would be to their interest; above all things be brief. Their time is worth a lot of money. Secondly, be courteous and thirdly, respect their confidences to the last letter of the word. And when they do favor you with their business, exhort every possible means known to you to give the man a service which will leave his affairs in such shape as you, as his councillor, had told him would be so, when you sell him the policy."

Canadian bond sales for the month of January and the first week of February show a total of $58,102,158 as compared with $155,033,501 for the whole of January and February of 1926, and $123,340,450 for the same two months of 1925.

Says None Will Purchase Canadian Fire Insurance

From Our Own Correspondent

MONTREAL.—Discussing the decrease in the amount of fire insurance written by Canadian companies which was pointed out by The Financial Post, J. E. Clement, president of the Fire Insurance Company of Canada, took issue with the conclusions of the article. In an interview with The Financial Post, he said, "I fully appreciate the desire of the superintendent of insurance to find a means of correcting the adverse conditions in one of the important branches of financial economy under his control, but I do not believe that the proposed amendments to the Insurance Act can serve any purpose to that end."

"When a Canadian company is for sale, it is for one of two reasons: either it has been so successful that some competitor is willing to pay a high price to purchase the connection, or the company, having gone beyond its depth by unjustifiable extravagance and unsound management, is forced to sell. The sound Canadian company which has ample capital for its normal operations cannot afford, even if it had the opportunity, to pay the big price for the successful concern; and it can much less afford to take the chance of being encumbered by the purchase of a tottering company which probably has business on its books underwritten at low rates, and for which the agents have received exorbitant commissions.

No Larger Company

"It has been said that a solution might be to merge some of the larger Canadian companies so that they might be in a position to compete with outside companies which have taken advantage of the situation by purchasing Canadian companies. But the apathy of the Canadian public is too great to justify the attempt of organizing a Canadian company with a large capital. It is evident, nevertheless, that the small proportion of fire insurance risks which are underwritten by Canadian companies is a grave economic fault; and it is inconceivable that such a situation will not make some impression upon the minds of business men. The Canadian manufacturer and the Canadian merchant are aggressively active in advising everyone to purchase and use Canadian products; yet, if one looks through the insurance policies of our financial institutions, banks, loan companies and industrials, one would be scandalized to see how few are insured in Canadian-owned companies. When this country has doubled its wealth—which will be soon — the annual fire insurance premiums will reach one hundred million dollars and, if Canadians still continue to patronize Canadian fire insurance companies as they do now, we will be able to boast of our generosity by broadcasting the fact that we give four million dollars to our own fire insurance companies and ninety-six million dollars to foreign insurance companies."

Manufacturers' Life to Open Loan Department

Organization of a loan department at the Vancouver office is now engaging the attention of the Manufacturers' Life Insurance Company, announces J. B. McKechnie, general manager. Similar departments have been operating in other western cities for years, he says, and the company now feels that the time is ripe for further development in Vancouver.

Canadian Indemnity's Year

Increases in fire business both here and in the State of California, and decreases in the amount of hail insurance written, are the outstanding features of the annual report of the Canadian Indemnity Co. of Winnipeg. The company's premium income increased from $585,587 in 1925 to $653,725. The loss ratio on hail business increased to 60.5 per cent from 31.1 per cent. in 1925. Fire business written in Canada increased 17 per cent. and the California business, which is written under treaty with the Canadian Fire Insurance Co., increased 10 per cent., making a total increase for the year of 28.2 per cent. The yearly loss ratio on fire business was 41.9 per cent, as compared to a ratio in 1925 of 34 per cent.

Insurance OF ALL KINDS TRANSACTED

The Provident

ESTABLISHED 1905

Head Office:
THE PROVIDENT BUILDING
Corner Place d'Armes & St. James St.
MONTREAL
Tel. HArbour 3292-3-4-5-6-7

The NORTHERN
LIFE ASSURANCE COMPANY OF CANADA

Good insurance salesmen can always find a place with our growing organization. Write for full particulars.

Head Office: London, Ontario.

Metropolitan Life
Insurance Co.

The Company's Canadian Head Office is in Ottawa where its Canadian business east of the Rockies is transacted. Canadian premiums are received, Canadian policies issued and Canadian claims paid in Ottawa.

Canadian Head Office
Ottawa, Canada.

Business Written in Canada in 1925....... $165,123,047
More than that of any other company.

Insurance in force in Canada, end of 1925. $633,544,780
Largest amount in force in Canada in any company.

Policies held by Canadians, end of 1925.. 2,215,742
Largest number in force in any company in Canada.

Paid Canadian Policyholders in 1925...... $ 8,540,178

Investments in Canada, at end of 1925....... $126,150,919

Invested in Canadian Government and Municipal Bonds.. $ 88,743,283

BUYING BY INSTALMENTS

Buying on the "instalment plan" has become so general that it now applies to food as well as furniture; to motor cars as well as homes.

Life insurance is buying an income. an estate, a fortune, on the instalment plan.

But with this difference from all others.

It is the only thing that a man can buy on the instalment plan that his wife will not have to pay for after his death.

The title to the property passes to the buyer with the first payment. And all payments cease and the estate becomes the absolute property of a man's beneficiaries at his death.

Life insurance is sane, safe, buying on the "instalment plan."

SUN LIFE ASSURANCE COMPANY
OF CANADA
Head Office: Montreal

The Independent Order of Foresters
Organized 1874

TOTAL BENEFITS
Paid to Members and their Beneficiaries
$87,000,000.00

Policies Issued from $1,000 to $5,000

G. E. BAILEY, Secretary
W. H. HUNTER, President
ALEX. STEWART, Treasurer

Amalgamation Decided on By Saskatchewan Dairies

One of the largest dairy organizations in the Dominion will commence to function in a short time, as a result of the amalgamation of the Saskatchewan Co-operative Creameries and the Caulder Creameries.

In announcing the proposed merger and the location of headquarters at Regina, J. A. Gregory, president of the Co-operative, and J. A. Calder, president of the firm that carries his name, both stated that preliminaries to the merger had proceeded to the utmost point as far as matters under their control were concerned. Further developments must come from the Legislature, where enabling legislation would be introduced. Mr. Caulder will be general manager of the new concern.

Fifty-five plants are involved in the merger and the fixed assets of the two concerns are more than $3,000,000.

May Pay 50 Cents

MONTREAL.—A statement of the position of the Montreal stock exchange house of Dickinson and Walbank, who have assigned, will be ready shortly. The liquidator has intimated that the probable liabilities will amount to between $150,00 and $175,000 with possible assets equal to half that amount. Thus, it is anticipated that creditors may realize about 50 cents on the dollar.

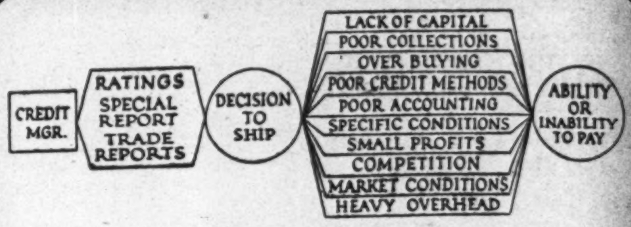
THE
Western Empire
Life Assurance Company
SASKATOON EDMONTON
HEAD OFFICE
701 Somerset Building
Winnipeg, Man.
Branch Offices:
CALGARY VANCOUVER

ST. LAWRENCE
UNDERWRITERS' AGENCY

FIRE and AUTOMOBILE INSURANCE

HEAD OFFICE - TORONTO

THE
CANADA NATIONAL FIRE INSURANCE COMPANY
HEAD OFFICE: WINNIPEG, CANADA
TOTAL ASSETS $2,928,337.62
TORONTO, 24 Adelaide St. W.
W. H. GEORGE
Superintendent of Agents



You Can't Control Credit Losses!

The above diagram is a graphic representation of a credit extension. It illustrates the vital fact that the failure of any of your customers is usually due to conditions *not detectable at the date of shipment!*

"Poor collections", "Over Buying" and other "business diseases" work their havoc on your customer *after* your goods are shipped him. A credit situation often changes radically in 30 days.

You can't *control* these *interim* uncertainties and dangers. But you *can* safeguard against them—with Credit Insurance.

Thousands of representative Manufacturers and Jobbers in every line are now benefiting by our policies of Credit Insurance. Share their peace of mind and freedom from abnormal loss. Get the additional benefits of our collateral Collection Service.

CANADIAN DIVISION
The AMERICAN CREDIT-INDEMNITY COMPANY
of New York — J. F. McFadden, President

R. J. MULLEN, General Manager for Canada,

Toronto Office,
1702 Metropolitan Bldg.
Phone: Main 4316

Montreal Office,
Canada Cement Bldg.
Phone: Lancaster 3258

LR-106

NORTHWESTERN MUTUAL FIRE ASSOCIATION
SEATTLE, WASHINGTON
Head Office for Canada: HAMILTON, ONTARIO
Writing Fire Insurance at Cost — Assets $3,118,764.07
ALL POLICIES DIVIDEND PAYING AND NON-ASSESSABLE.
BRANCH OFFICES
Toronto, Ottawa, Vancouver, Victoria, Edmonton, Saskatoon, Winnipeg, Montreal, St. John, Halifax, and Charlottetown.

ISSUE INSURANCE LICENSES

Dominion department of insurance has issued licenses to Canadian Indemnity Company to write forgery insurance; to Scottish Canadian Assurance Corporation to write tornado insurance; to General Accident Assurance Company of Canada to write tornado insurance; to Autocar Fire and Accident Insurance Company to write tornado insurance.

Western Homes Ltd.
MORTGAGE INVESTMENTS
2nd Floor, Lombard Building, Main and Lombard,
WINNIPEG, CANADA

Capital Authorized	$5,000,000.00
Capital Subscribed	$2,605,400.00
Capital Paid-Up	$1,014,373.79

As at December 31st, 1926.

Paid-Up Capital Passes Million Mark in 1926
The Story in Figures, since business began in 1915:

	1915	1920	1926
Subscribed Capital	$182,800.00	$1,204,700.00	$2,605,400.00
Paid-Up Capital	24,581.53	337,469.15	1,014,373.79
Assets	36,613,93	362,233.19	1,137,397.21
Deferred Profits, Surplus and Reserve	4,741.62	24,148.52	82,432.17
Premiums in Course of Collection	(Nil)	92,760.20	218,412.40

1926 THE BEST YEAR YET

Increase in Subscribed Capital	$280,400.00
Increase in Paid-up Capital	102,896.82
Increase in Assets	147,533.00
Collected on Mortgage Accounts	210,207.13

PROFITS FOR 1926

Profits for 1926, after providing for taxes and all expenses, with surplus from 1925, total		$99,138.37
Appropriated as follows:		
Dividends and Income Tax	$54,626.15	
Transferred to Reserve	20,000.00	
Surplus	24,512.22	
		$99,138.37

WESTERN HOMES has maintained an unbroken record for 12 years of operating without the loss of a single dollar and has also maintained its record of profits, the net earnings for the past year exceeding 7%. Exceptional progress has been made in every department. Interest on Mortgage Accounts collected in 1926 exceeded the amount collected in 1925 by more than $11,000.00. The Company's invested funds of over One Million Dollars are protected by carefully selected mortgage securities on moderately priced city homes and well improved farms, conservatively appraised at over $2,300,000.00.

M. WILLIS ARGUE, General Manager

Argue Bros. Ltd., General Agents, Winnipeg

Current Events in Banking World

BANKS ON CORNERS PERENNIAL SOURCE OF RETAIL GOSSIP

Merchants Say They Do Not Like Them, But Story Has Two Sides

Why do banks almost invariably choose a corner lot for their institution, and what is the significance of this choice? Some time ago considerable discussion was provoked in an English trade paper on this subject and diagrams were produced to show how the banks were gradually forcing the retailer out of the choicest tit-bits of real estate and were appropriating for themselves the most desirable shop-sites This was considered an evil in that it increased unnecessarily the costs of banking, and added materially to the charges which the banks must make for the accomodation that they offer.

The banking business in Canada is carried on by 11 banks, all of which have been doing business in the Dominion for a considerable period of time. Over a period of twenty-five or more years these banks have grown with or pioneered in the development of the country and have had an excellent opportunity of acquiring the locations which they consider to be the best for the carrying on of their business. That they have sooner or later gravitated to the corner lot is evidenced by an analysis of any town, city or village where branch banks are established.

Is Fixed Policy

An officer of one bank when discussing the subject stated plainly that it was their policy to procure corner lots whenever possible. In this particular case the banker justified the policy on the plea that corner lots are in reality quite as cheap as the inside ones because when one transacts business from the corner one needs only one-half of the frontage that is required if the lot is situated in the middle of the block. On the other hand, another bank maintains that it is not particular about corner sites but that it secures equally if not better results by obtaining property next to a corner or by obtaining a corner property and leasing the actual corner to a merchant.

Be that as it may, it is fairly accurate to estimate that 80 per cent. of banking premises are situated on corners and it is equally safe to say that this enterprise upon the part of the banker is resented by the shopkeeper. The psychology of shopping is a very delicate matter and other things being equal a store which is next door to a corner store stands a better chance of securing business than one which is next door to a bank. A well-dressed, well-lighted window is a distinct asset to any retail community, and gregarious and emotional humans will naturally gravitate towards this sort of place, rather than towards the cold stone front of a bank which is at night unlit and inhospitable The English criticism of the practice says:

"The occupation of a large street frontage by any bank is wasteful. Years ago an imposing building in a prominent position may have given a bank that appearance of strength which was necessary to establish public confidence. Those days are past, at any rate as far as those banks are concerned which are now extending their operations in all directions. The frontage they now spoil with dull windows might be let off for shops which would make the streets attractive."

No Outside Signs

One reason advanced by a banker for the situation as it exists in Canada, is that the banks are attracted to corner positions by the unwritten law of the profession which forbids the bank displaying any sign or advertisement across the sidewalk. Have you ever seen a bank "shingle" hanging out in front of the premises? The number of such in Canada could be counted on the two hands. Thus by the natural laws of competition and the desire for self-advertisement the banks gravitate towards the corner where they will have two surfaces upon which to emblazon their name.

Banks are not real estate brokers and as their business is in bills, rather than buildings, they usually create holding companies to handle their real estate affairs. These companies operate in competition with other corporations who are trading in real estate and the broad principles under which they carry on business are undoubtedly a reflex of the policy of the bank itself. One bank makes a practice of renting its premises wherever possible. Another endeavours to own as much of its property as it can In short all the transactions carried on in the real estate field reflect the temper and opinion of the men who control the bank's destiny.

Whether or not this policy which has led to the corner lot problem, is in the public interest is a matter for much conjecture. Some authorities believe that the bank's place in the real estate world is nothing more than a nuisance as well as constituting an economic wastage of valuable property. Corner lots are unquestionably higher-priced than other locations and merchants often argue that this has added materially to the overhead costs of the Canadian banking system But this argument sounds very much like the old claim that advertising is an expense that adds to the selling cost of goods. It is now well demonstrated that money properly invested in advertising so reduces sales resistance as to materially cut the cost of marketing and that, therefore, the public saves from advertising. Similarly, chain stores pay extra rent for corner stores, in order to sell more goods and thus distribute their rent over a larger total of sales. It is cheaper, in the end, for them to be on corner lots, and bank men have evidently determined that it is economy for them to go into what are initially more expensive locations.

Banks are business houses and compete in the open market with other types of business houses for the locations available.

Incidentally, the complaint of merchants against the banks for creating dark corners may not long hold force. Canadian banks are certain in the next few years to go into a larger degree for window displays, overhead signs and similar forms of advertising that will brighten their premises.

In any event, it is a fair assumption that the stability given to business corners by the erection of bank premises on them more than offsets the theoretical loss to local merchants by their less flamboyant premises.

Canadian Bank Earnings Compared

Figures Compiled by C. W. SCOTT, 13 Admiral Road, Toronto.

Gross Earnings on Capital

		%
1	Nova Scotia	22.48
2	Bank of Toronto	22.17
3	Dominion Bank	20.99
4	Royal Bank	18.51
5	Bank of Commerce	18.19
6	Imperial Bank	18.08
7	Standard Bank	17.03
8	Bank of Montreal	16.64
9	Banque Canadienne Nationale	15.65
10	Provincial Bank	11.35

Net earnings available for Dividends on Capital after deducting Taxes, Depreciation, etc.

1	Bank of Nova Scotia	18.08
2	Bank of Toronto	16.17
3	Imperial Bank	15.18
4	Bank of Montreal	14.58
5	Royal Bank	14.57
6	Standard Bank	14.27
7	Dominion Bank	14.13
8	Bank of Commerce	13.23
9	Banque Canadienne Nationale	11.00
10	Provincial Bank*	8.40

*—Premium on new stock $220,155.00 not included.

Gross Earnings on Capital, Reserve and Profit and Loss.

1	Standard Bank	10.36
2	Royal Bank	9.03
3	Dominion Bank	9.00
4	Bank of Toronto	8.99
5	Bank of Commerce	8.82
6	Bank of Montreal	8.23
7	Provincial Bank	8.22
8	Imperial Bank	8.11
9	Banque Canadienne Nationale	7.65
10	Bank of Nova Scotia	7.49

Quick Assets to Liabilities

		%
1	Provincial Bank	65.00
2	Bank of Nova Scotia	65.00
3	Bank of Montreal	60.22
4	Imperial Bank	60.20
5	Banque Canadienne Nationale	57.36
6	Dominion Bank	54.52
7	Royal Bank	54.30
8	Bank of Toronto	54.28
9	Standard Bank	53.57
10	Bank of Commerce	52.29

Deposits Without Interest to $ of Capital

1	Royal Bank	$6.60
2	Bank of Commerce	4.98
3	Bank of Montreal	4.41
4	Bank of Nova Scotia	3.66
5	Standard Bank	3.34
6	Banque Canadienne Nationale	3.29
7	Bank of Toronto	3.28
8	Dominion Bank	3.16
9	Imperial Bank	2.63
10	Provincial Bank	1.44

Deposits Bearing Interest to $ of Capital

1	Royal Bank	$18.51
2	Banque Canadienne Nationale	17.60
3	Bank of Montreal	17.24
4	Bank of Nova Scotia	15.38
5	Bank of Commerce	15.18
6	Bank of Toronto	14.40
7	Standard Bank	13.50
8	Dominion Bank	13.29
9	Imperial Bank	11.77
10	Provincial Bank	7.94

Bank Premises to Capital

1	Banque Canadienne National	99.46
2	Dominion Bank	95.40
3	Standard Bank	86.71
4	Bank of Nova Scotia	71.75
5	Imperial Bank	70.31
6	Bank of Toronto	66.49
7	Royal Bank	59.20
8	Bank of Commerce	58.43
9	Provincial Bank	45.66
10	Bank of Montreal	39.44

Book Value of Shares

1	Bank of Nova Scotia	$301.58
2	Bank of Toronto	249.61
3	Dominion Bank	233.87
4	Imperial Bank	225.00
5	Bank of Commerce	206.40
6	Banque Canadienne National	205.81
7	Royal Bank	205.77
8	Bank of Montreal	202.50
9	Standard Bank	166.10
10	Provincial Bank	144.41

Application for permits to develop hydro power in Western Ontario and Northern Manitoba are on a scale that represents an ultimate volume of 5,000,000 horse-power.

Staff Gossip

D. Stevens, of the Dominion Bank staff, has been transferred to Saskatoon.—Times, Deloraine.

* * *

W. L. Law of the local branch of the Canadian Bank of Commerce has been transferred to Shaunavon.—Enterprise, Rouleau.

* * *

Miss E. M. Pearse has been transferred from Prince Albert to the Regina branch of the Canadian Bank of Commerce.—Leader, Regina.

* * *

Richard Phillips, until recently on the staff of the Standard Bank, Flesherton, has been transferred to the Wellesley branch.—Telegram, Toronto.

* * *

John Donnelly, of the Bank of Commerce, has left for Delhi, to which place he has been transferred by the bank. J. Hart, of Simcoe, succeeds him here. —Signal, Goderich.

* * *

P. H. Hamon, manager of the Canadian Bank of Commerce, Parrsboro, N. S., has been transferred to the branch at Virden, Man.—Telegraph Journal, St. John.

* * *

Phil Orendorf, of the local staff of the Bank of Montreal, has been transferred to the St. Mary's branch, his place being taken by H. C. McLean, of Lucan.—Dominion, Ridgetown.

* * *

Imperial Bank announces the following staff changes:

B. B. Vale, formerly accountant at Galt, has been appointed accountant at Hamilton, vice H. P. Morton resigned.

E. Smith, formerly accountant at Presont, has been appointed accountant at Galt, Ont.

H. Ott, formerly acting accountant at Port Colborne, has been appointed accountant at Preston, Ont.

A. E. MacGirr has been appointed acting accountant at Port Colborne.

C. A. Kehoe, formerly manager at James Street, Sault Ste. Marie, has been appointed manager at Englehart, Ont.

H. D. Morton, formerly teller-accountant, Queen and Kingston Road, Toronto, has been appointed accountant at Cobalt, Ont.

W. M. Field, formerly accountant at Cobalt, has been appointed manager at Matheson, Ont.

Weekly Bank Clearings

(In comparison with the same week last year)

Eastern Cities	Feb. 25/26	Feb. 21/27
Halifax	$2,434,960	$2,419,918
St. John	2,713,526	2,378,297
Moncton	683,328	798,668
Quebec	5,017,605	5,751,557
Sherbrooke	844,071	798,318
Montreal	101,338,829	95,786,350
Ottawa	4,849,270	5,616,351
Kingston	497,376	653,311
Peterboro	688,873	694,570
Toronto	87,612,300	107,256,263
Hamilton	4,122,866	4,710,516
Brantford	831,878	1,179,097
London	2,252,815	2,775 030
Chatham	644,875	726,309
Kitchener	912,975	954,103
Windsor	3,405,168	3,746,463

Western Cities	Feb. 25/26	Feb. 24/27
Ft. William	$ 587,808	$ 789,520
Winnipeg	31,772,179	35,507,622
Brandon	342 289	402,735
Regina	3,041,284	3,212,125
Moose Jaw	782,687	1,044,057
Saskatoon	1,440,532	1,458,637
Prince Albert	317,111	300,977
Lethbridge	460,431	439,669
Calgary	6,305,000	7,184,900
Edmonton	3,196,806	3,933,431
Medicine Hat	190,346	232,981
New Westminster	571,213	630,873
Vancouver	15,303,699	14,683,510
Victoria	1,823,978	1,185,749

Monthly Bank Clearings

(In comparison with same month last year).

Eastern Cities	Feb., 1926	Feb., 1927
Halifax	$10,283,003	$10,654,723
Moncton	2,885,753	3,114,719
Sherbrooke	3,031,822	3,335,296
St. John	10,598,288	9,650,703
Quebec	20,372,380	23,027,666
Montreal	414,316,192	417 159,787
Ottawa	22,463,085	24,385,098
Kingston	2,248,325	2,548,911
Peterboro	2,579,824	2,922,940
Toronto	393,050,984	436,366 697
Hamilton	17,414,264	20,788,151
Brantford	3,835,748	4,301,350
London	9,198,302	11,278,790
Kitchener	3,824,792	4.108,735
Windsor	14,529,986	15,425,238
Total, East	$930,632,748	$989,068,804
Sarnia		2,186,000
Chatham		2,930,759

Western Cities	Feb., 1926	Feb., 1927
Ft. William	$ 2.560,297	$ 3,007,814
Winnipeg	152,744,995	156,794,000
Brandon	1 659,690	1,752,221
Regina	12,090,248	13,099,565
Saskatoon	6,158,835	6,206,500
Pr. Albert	1,356,197	1,399,649
Moose Jaw	3,731,719	4,253,127
Lethbridge	1,894.441	1,771,856
Calgary	28,188,994	28,452,441
Medicine Hat	881,880	996,612
Vancouver	65,331,964	163,110,185
N. Westminster	2,741,160	2,713,978
Victoria	7,621,871	7,867,442
Total, West	286,962,291	391,425,390
Gr. total	$1,217,595,039	$1,380,494,194

When selecting a Trust Company as an Executor, choose one whose fixed policy is to give

Financial Assistance

to Estates being administered by it

PAID UP CAPITAL AND RESERVE $1,259,430.36

The Imperial Canadian Trust Co.

Executor, Administrator, Assignee, Trustee, Etc.

Head Office: Winnipeg
Branches: Saskatoon and Calgary

CPTCo

Are You Confident Your Will is Right?

A MAN who takes these three precautions will secure real peace of mind about his will.

1. Have a lawyer draw the will.

That saves the danger of litigation made possible by technical irregularity.

2. Discuss its practical provisions with this Company.

Our wide experience in Executorship might suggest a more practical method of achieving the result in mind.

3. Name the Canada Permanent as Executor and Trustee.

That places all the experience and all the corporate judgment of this Company at the service of the family. They are assured a permanent executor, a responsible trustee, a regular income.

For the sake of your own peace of mind and your family's happiness, make sure your will is drawn and executed so as to secure the very important ends you have in view.

THE CANADA PERMANENT TRUST CO
Paid-up Capital One Million Dollars
Toronto Street, Toronto.
Manager, Ontario Branch - A. E. HESSIN
25

Penmans LIMITED

Manufacturers of High-Grade
KNIT UNDERWEAR, HOSIERY, SWEATERS
MILLS AT PARIS, Ont. BRANTFORD, Ont. LONDON, Ont. WATERFORD, Ont. ALMONTE, Ont. COATICOOK, Que. and ST. HYACINTHE, Que.

PEN ANGLE KNIT GOODS

General Office: Paris, Ont.

Selling Agents to Wholesale Trade:
JOHN GORDON & SON
Toronto and Montreal.

SELLING AGENTS TO RETAIL TRADE
Edward Burns Co., Ltd., Toronto, Ont.
B. S. MacFarlane, Montreal, Que.
John J. Wilson, St. John, N.B.
Bryce & Co., Ltd., Winnipeg & Vancouver.

FAR EASTERN REPRESENTATIVE
H. P. Surrey, Shanghai, China.

EXPORT REPRESENTATIVES
S. Elliott & Co., St. John's, Nfld.
H. W. Airey, Ltd., Auckland, N.Z.
L. C. Carrick, Cape Town, South Africa.
Hugh Scott-Young, Melbourne, Australia.
Liddell & Mitchell, Glasgow, Scotland.
Taylor & Shelmerdine, Manchester, England.
W. J. Cutcliffe, London, Eng.

ALL THESE BONDS HAVING BEEN SOLD, THIS ADVERTISEMENT APPEARS AS A MATTER OF RECORD ONLY.

$4,500,000

French Line

(LA COMPAGNIE GÉNÉRALE TRANSATLANTIQUE)

Guaranteed both as to Interest and Sinking Fund by the French Government

External 6½% Sinking Fund Gold Bonds

Dated February 15th, 1927. Due February 15th, 1951

Principal and semi-annual interest (February 15th and August 15th) will be payable (without deduction for any French taxes present or future) in gold coin of the Dominion of Canada of the present standard of weight and fineness, at the office of The Canadian Bank of Commerce in Toronto or Montreal. These bonds are redeemable as a whole on any interest date up to and including February 15th, 1932 at 103 and accrued interest; and thereafter up to and including February 15th, 1937, at 102 and accrued interest; and thereafter at 100 and accrued interest. These bonds are also redeemable in part by lot for Sinking Fund on any interest date at par and accrued interest. Coupon Bonds in denominations of $1,000 and $500. Registerable as to Principal.

Arrangements have been made with The Canadian Bank of Commerce, as paying agent, to pay the principal and interest of these bonds at par at any of its branches in Canada (Yukon Territory excepted).

A Sinking Fund commencing August 15th, 1927, is calculated to retire half the bonds during the first ten years and all the bonds by maturity. The Company may purchase and deliver bonds to the Sinking Fund and to the extent that bonds are not so delivered bonds will be redeemed semi-annually by call by lot at par and accrued interest.

Information in regard to this issue is given in a letter from M. John Dal Piaz, President of the Board of Directors of the Company, from which we summarize as follows:

DESCRIPTION OF THE COMPANY AND ITS BUSINESS

The French Line (La Compagnie Générale Transatlantique) is the most important of the French shipping companies. It was organized in 1855 and is, therefore, one of the two or three oldest shipping companies operating between the United States and Europe. While in 1914 the Company's fleet aggregated 383,000 tons and it owned no interests in subsidiaries, it owned as of December 31st, 1926, a fleet of one hundred and one vessels, including thirty-seven liners and passenger ships, aggregating more than 532,000 tons, and a total engine capacity exceeding 452,000 horse-power. The Company's fleet is carried on its books at Frs. 720 per ton. It is evident that the book value of the fleet is very conservative. The Company has an interest in subsidiaries or controlled companies whose fleets exceed 184,000 tons. The Company also has substantial interests in an important shipbuilding company and advantageous concessions for dock facilities at New York, Havre, Saint Nazaire, Bordeaux, Marseilles and the West Indies, etc. It operates passenger and freight lines connecting France with the United States, Canada, Mexico, Cuba, Haiti, Porto Rico, the West Indies, Panama, Colombia, Guiana, with all ports on the Pacific from Vancouver to Valparaiso, also with England, Belgium, Spain, Poland, Morocco, Algeria and Tunis. It controls in addition a North African hotel and travel company which it created as an extension of its steamship lines and which exploits in Algeria, Tunis and Morocco forty hotels connected up by a system of automobile services.

GUARANTEE OF THE FRENCH GOVERNMENT

These bonds are the direct obligation of the French Line (La Compagnie Générale Transatlantique) ranking pari passu with all outstanding bonds of the Company and are guaranteed both as to interest and Sinking Fund by the French Government.

This issue is to be made pursuant to the terms of Article 8 of the amendment of June 23rd, 1923 (approved by the law of April 26th, 1924, published in the Journal Officiel May 1st, 1924) to the convention of November 20, 1912, between the Company and the French Government relative to the maritime postal service between Havre and New York, which provides for the issuance of bonds by the Company to provide funds for the construction of two liners. According to Article 8 of the above amendment, (1) the French State guarantees payment of the interest and amortization of the bonds issued pursuant thereto and (2) upon completion of the vessels to be constructed with the proceeds of this loan, the Company agrees to place a first mortgage upon them in favor of the French State to secure repayment to it of any amounts which the State may have paid or may thereafter pay under its above guarantee.

FINANCIAL CONDITION OF THE COMPANY

At the completion of present financing the outstanding capitalization and funded debt of the Company will be as follows:

Ordinary Shares	Frs. 123,000,000
Preference Shares	Frs. 12,000,000
Bonds in French Currency (a large portion of which bear 3% and 4% coupons)	Frs. 319,377,500
Sterling Bonds	£1,500,000
Dollar Bonds (this issue)	$4,500,000
NET INCOME of the Company available for Interest before depreciation and other reserves for the year ending December 31st, 1925	Frs. 66,069,575
INTEREST CHARGES for year ending December 31st, 1925, after giving effect to interest on all bonds now outstanding, including sterling bonds at the rate of Frs. 120 to the pound, and upon this issue at the rate of Frs. 25 to the dollar	Frs. 35,783,457

The Company estimates that earnings, both gross and net, for the fiscal year 1926 are largely in excess of such earnings for the fiscal year 1925. The market value of the Company's share capital is in excess of Frs. 229,000,000.

PURPOSE OF PRESENT ISSUE

The Company, with the purpose of further expansion and in order to improve its service between Havre and New York, has decided to build two new large liners for that service. The first of over forty-two thousand tons, is due to be completed in the next few months. The present issue is to provide funds for this construction.

SINKING FUND

A Sinking Fund commencing August 15th, 1927, has been provided, to redeem the entire issue by maturity. Semi-annual payments of $112,000 and $113,000 will be made on or before the 15th of February and August respectively during each of the first 10 years, sufficient to retire one-half the issue by February 15th, 1937. During the remaining 14 years the balance of the issue will be retired in progressive amounts by a cumulative semi-annual sinking fund.

We offer these bonds for delivery when, as and if issued and received by us, subject to prior sale, and subject to the approval of legal matters by our counsel, Messrs. Coudert Brothers, in New York and Paris.

Price 94½ and Interest, to Yield 6.98%

It is expected that interim certificates of The Canadian Bank of Commerce will be ready for delivery on or about March 21st, 1927.

Dominion Securities Corporation LIMITED

The Canadian Bank of Commerce

The statements herein, received by cable, have been accepted by us as accurate but are not guaranteed and are in no event to be construed as representations by us.

February 28, 1927.

FOREIGN EXCHANGES

Money Mart Expects Other French Issues

Conducted by S. J. ZACKS.

This week the French situation came in for a lot of comment, and the position occupied by Canada in the picture was a prominent one. On Monday the French Line issue came on the Canadian market sponsored by a large Canadian underwriting house. This issue is guaranteed by the French government as to interest and sinking fund and, in foreign exchange circles, is thought to be the first of a series of such issues which are to be floated in Canada. The Bank of France has been accumulating foreign currencies ever since the present Poincare administration came into being, thereby improving the foreign resources position of the French treasury. Several French railway issues were marketed in Holland, Switzerland and Sweden, the receipts of which contributed to the resources of the French treasury foreign reserves.

Canadian funds were quoted 11/64 per cent. premium this week, but only $1,000,000 of gold from Canada followed. The approach of the opening of navigation, which will start a commodity export movement from Canada, has discouraged shipment of gold from Canada.

Stiffening of short-term money rates at London during the past few weeks has been a strong supporting factor in the price of sterling. Trading in sterling on the whole has been narrow and listless.

Japanese yen rose to a new high when a speculative buying carried yen to 48.90. Buying in yen was attributed to the splendid financial condition that Japan has achieved, as well as the proximity of parity.

New York Funds

	High	Low	Last year High	Last year Low
Feb. 24	5-32	5-32	25-64	23-64
Feb. 25	11-64	5-32	25-64	3-8
Feb. 26	11-64	5-32	25-64	3-8
Feb. 28	3-16	11-64	25-64	3-8
Mar. 1	3-16	11-64	7-16	25-64
Mar. 2	3-16	11-64	33-64	15-32

Sterling, Francs and Lire

	Sterling Close	Francs Close	Lire Close
Feb 24	4.84¾	3.91¼	4.35¼
Feb. 25	4.84¾	3.91¼	4.37¾
Feb. 26	4.84¾	3.91¼	4.37
Feb. 28	4.84⅝	3.91¼	4.37¾
Mar. 1	4.84¾	3.91¼	4.37½
Mar. 2	4.84¾	3.91	4.36¼

Foreign Exchange

Par		Feb. 23	Mar. 2
19.30	Italian	4.36	4.38
32.45	Brazilian	11.94	11.85
23.82	German	23.70	23.74
19.30	Belgium	13.92	2.79
84.85	Japan	48.94	49.05

Jamaica Public Service Concludes Fine Year

From Our Own Correspondent.

MONTREAL.—The preliminary earnings' statement of the Jamaica Public Service Company for the 1926 fiscal year showed a substantial all-round improvement in the company, as compared with the 1925 annual report. Earnings, both gross and net, show very substantial increases and, on the basis of the deductions made in the income account for 1925, the company's earnings applicable to the preferred stock should be over three times the dividend requirements.

The liquid position has been further strengthened, and the working capital amounts to $242,115, as compared with $187,085 at the close of 1925. The bonds outstanding have been reduced by $14,000 and, in addition, the company has acquired a further $18,000 of the bonds of its underlying company.

The property account has been increased by $50,000, and the cash account has been increased by nearly $100,000. In addition, the company now carries in its assets $25,000 in government bonds. Thus, total assets have been increased by $168,119.

MARITIME REPORT KEEPS GOVERNMENT AWAKE AT NIGHTS

(Continued from page 1)

originates and terminates at stations in the Atlantic division of the Canadian National railways and that the same reduction be also applied to the Atlantic division proportion of the through rate on all traffic which originates at stations in the Atlantic division, and is destined to points outside the Atlantic division."

It is being pointed out that "points outside the Atlantic division" can only mean one thing, namely: Central Canada; as the only railways running out of the Maritimes and under control of the federal goverment are those coming in to Quebec. Further: this feature of the report must be read with another clause which recommends that the Atlantic division should not end at Riviere du Loup but at Levis, just opposite Quebec. In other words, it is suggested that the boundary line of the Atlantic division should be shifted 120 miles to the west, and that Maritime freight rates should be reduced for that entire distance.

Claim Unjustifiable Advantages

It is to this that Central Canada manufacturers take objection. If, they argue, freight rates on manufactures of the Maritimes are reduced by 20 per cent. almost to the threshold of the Central Canada markets, while the rates of Central Canada products remain as they are, then the Maritime manufacturers will be given an entirely unjustifiable advantage. Central Canada industries vitally concerned—and that are raising objections—are: steel, furniture, lumber, woollens, boots and shoes, chocolates, etc.

What the government proposes to do about this remains to be seen. In regard to the subsidy recommendation, it is altogether likely that a lump sum of money (though perhaps not as much as the Commission suggested) will be voted; but what may happen in regard to rates is by not means so certain. Taken as a whole, the report is causing the government more worry than any other problem demanding consideration.

MASSEY-HARRIS NEW COMMON HAS $33 BOOK VALUE

(Continued from page 1)

stock will depend more on the future of the company than on any other factor. A secondary consideration of immediate interest, however, is the dividend policy of the directors. The common earned $9.57 in 1926 but nothing was paid or contemplated. It is believed that the company is due for a period of perhaps unparalleled prosperity under the present management, but it was thought, prior to three weeks ago, that a dividend on the common was not to be looked for at present.

It is thought probable that the dividend policy of the directors will be revised if the shareholders sanction the proposed splitting of the shares. It is reported, however, that the question of dividends so far has not come before the directors. Yet the investment public confidently expects a dividend in the not distant future. While the investment buying is on the future of the company, for the most part, an interim dividend out of the company's growing surplus would be a factor in establishing a fairly high level for the no-par stock, if it is created.

Penmans Limited

Corporate Office:
MONTREAL, QUE.

General Offices:
PARIS, ONT.

ANNUAL REPORT
for the Year Ending 31st December, 1926

Board of Directors, 1926

President, SIR CHARLES GORDON, G.B.E. Vice-President, R. B. MORRICE
H. B. MacDOUGALL J. P. BLACK WM. McMASTER I. BONNER
J. N. LAING G. W. GRIER V. E. MITCHELL, D.C.L., K.C.
H. BARRETT, General Manager C. B. ROBINSON, Secretary-Treasurer

Directors' Report

YOUR Directors are pleased to submit to the Shareholders their Annual Report of the operations of the Company for the fiscal year ending 31st December, 1926.

The Sales for the year amounted to $6,777,400, an increase of $346,247 over 1925, or equal to 5.38%.

After paying Interest on Bonds and making allowance for Depreciation on Plant and Federal Income Tax and writing off Bad Debts, the Net Profit amounts to $442,077.64, from which we paid the usual quarterly Dividends on the Preferred and Common Stocks, and in addition thereto a Bonus of 2% on the Common Stock, the total disbursement being $279,560, leaving a surplus for the year of $162,517.64.

Our Capital Expenditure for the past year has been heavier than usual and approximately Three Hundred Thousand Dollars ($300,000) has been spent on new machinery and equipment in order to cope with the demands of the Trade. It is expected that this addition to the plant will increase the sales of the Company for the coming year in a substantial way. In addition thereto we had to provide $112,659.56 to cover the Discount and Expense in marketing the Bonds referred to in the next paragraph. The Active Surplus is now $3,418,775.69.

Pursuant to the authority vested in the Directors by By-Law "G.G." which was duly approved at a Special General Meeting of the Shareholders held on the 26th day of October last, the Board authorized an issue of First Mortgage Bonds of the Company for Two Million Dollars ($2,000,000) for the purpose of providing the funds to retire the outstanding issue of Bonds which matured on the 1st of November last. The entire issue was sold to the Bank of Montreal and The National City Company Limited, and the discount and expenses in connection with the issue and sale of the Bonds have been charged to Surplus Account, which now amounts to $1,434,595.53.

Your Board of Directors wish to place on record their appreciation of the efficient services of the Officers and Employees of the Company throughout the year.

The Books and Accounts of the Company have been audited during the year by C. S. Scott & Company, Hamilton, and their report is presented herewith.

Respectfully submitted,
C. B. GORDON, President.

Profit and Loss Account for the Year Ending 31st December, 1926

Gross Trading Profits for year ending 31st Dec., 1926......		$695,537.47
DEDUCT		
Interest on Bonds ...	$100,000.00	
Reserve for Depreciation on Plant	100,000.00	
Reserve for Inc. Tax	35,000.00	
Bad Debts written off	18,459.83	
		$253,459.83
Net Earn. for the year 1926....		$442,077.64

DISBURSEMENTS		
Pfd. Dividend 6%	64,500.00	
Com. dividend 8%	172,048.00	
Com. Bonus 2%.	43,012.00	
		$279,560.00
Surplus for the year		162,517.64
Brought forward from 31st December, 1925		1,384,737.45
		1,547,255.09
Less Bond Disct. and Exp......		112,659.56
Bal. at Credit Profit and Loss Account		$1,434,595.53

General Statement as at the 31st December, 1926

ASSETS

FIXED		
Comprising Real Estate, Buildings, Plant, Dwelling Houses, Water Powers, etc., Less Depreciation		$3,983,465.24
Goodwill, Trade Marks, etc.....		1.00
CURRENT		
Cash on hand and in Bank	$85,612.77	
Accts. Receivable	1,059,390.19	
Bills Receivable	16,221.84	
Deferred Charges	15,330.75	
Inventory of Raw and Manufact'd Stock	2,496,174.91	
Investments ..	10,050.00	
TOTAL CURR. ASSETS....		$3,682,780.46
		$7,666,246.70

LIABILITIES

CAPITAL		
Authorized, pfd. ...	$1,500,000.00	
Common	2,500,000.00	
	4,000,000.00	
Issued, Pfd.	1,075,000.00	
Common	2,150,600.00	
		$3,225,600.00
FIVE AND ONE-HALF PER CENT. (5½%) FIRST MORTGAGE SINKING FUND BONDS, DUE 1st NOVEMBER, 1951		2,000 000.00
Reserve Account		742,046.40
CURRENT LIABILITIES		
Unclaimed Dividends	173.47	
Accts. Payable	181,370.60	
Res. for Inc. Tax	35,000.00	
Wages	47,460.70	
TOTAL CURRENT LIABILITIES		$264,004.77
Surplus—Balance Profit and Loss Account		1,434,595.53
		$7,666,246.70

INDIRECT LIABILITIES
Customers' Paper under Disct., $134,102.66.

C. B. GORDON, President.
JOHN P. BLACK, Director.

We certify that we have audited the Books and Accounts of Penmans Limited for the year ended December 31, 1926, and have been furnished with vouchers for all expenditures.

We have obtained all the information and explanations that we have required, and in our opinion the Balance Sheet herewith is properly drawn up so as to exhibit a true and correct view of the state of the Company's affairs according to the best of our information and the explanations given to us, and as shown by the books of the Company.

C. S. SCOTT & CO., Auditors.
per C. S. Scott, F.C.A.

Hamilton, February 9th, 1927.

Dividend Number 160

HOLLINGER CONSOLIDATED GOLD MINES LIMITED

(No Personal Liability)

A dividend of 2% on the outstanding capital stock of the Company has been declared payable on the 25th day of March, 1927, on which date cheques will be mailed to shareholders of record at the close of business on the 9th day of March, 1927.

Dated the 2nd day of March, 1927.

I. McIVOR,
Assistant-Treasurer.

SOUTHERN CANADA POWER COMPANY LIMITED

Preferred Dividend No. 29

A DIVIDEND of one and one-half per cent (1½%) on the PREFERRED STOCK OF SOUTHERN CANADA POWER COMPANY LIMITED has been declared for the quarter ending March 31st, 1927, payable April 15th, 1927, to shareholders of record March 25th, 1927

By order of the Board.

L. C. HASKELL,
Secretar

Montreal, February 25th, 1927

UNDER THE MANAGEMENT OF
POWER CORPORATION OF CANADA
LIMITED

Ottawa and Hull Power Company Limited

Dividend No. 14.

A DIVIDEND of One and three-quarter per cent (1¾%) on the PREFERRED STOCK of OTTAWA AND HULL POWER COMPANY LIMITED has been declared for the quarter ending February 28th, 1927, payable March 15th, 1927, to shareholders of record February 28th, 1927.

By order of the Board,

L. C. HASKELL, *Secretary.*
February 24th, 1927.

DIVIDEND NOTICE

Canadian General Electric Company, Limited

Preference Dividend No. 68

Notice is hereby given that a Dividend of one and three-quarters per cent. for the quarter ending the 31st day of March, 1927, being at the rate of seven per cent. per annum, has been declared on the Preference Stock of the Company.

The above Dividend is payable on and after the first day of April, 1927, to Shareholders of record at the close of business on the 15th day of March, 1927.

By order of the Board.

W. H. NESBITT,
Secretary.

Toronto 2, February 24th, 1927.

THE ONTARIO LOAN AND DEBENTURE CO.

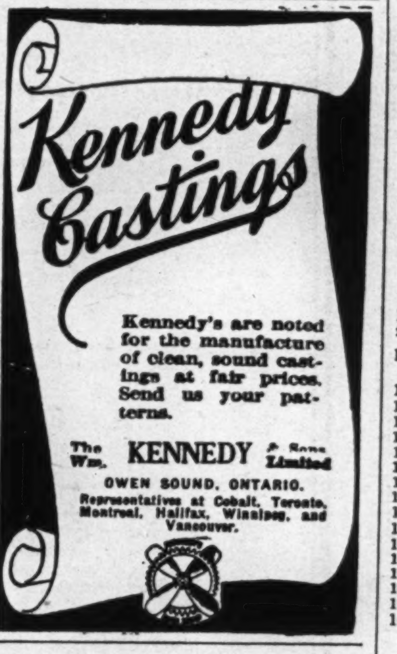
159th DIVIDEND

Notice is hereby given that a QUARTERLY DIVIDEND of 3 PER CENT. for the current quarter ending 31st March, 1927 (being at the rate of 12 per cent. per annum), has been declared on the paid up capital stock of this Company and will be payable at the Company's Office, London, Ontario, on or after the 1st April, 1927, to Shareholders of record of the 15th March, 1927.

By Order of the Board,

T. H. MAIN, Manager.

London, Canada, 1st March, 1927.



Kennedy's are noted for the manufacture of clean, sound castings at fair prices. Send us your patterns.

The Wm. KENNEDY & Sons Limited
OWEN SOUND, ONTARIO.
Representatives at Cobalt, Toronto, Montreal, Halifax, Winnipeg, and Vancouver.

CENTRAL CANADA LOAN AND SAVINGS COMPANY

Dividend No. 172

Notice is hereby given that a Quarterly Dividend of three per cent. (3%) for the three months ending March 31st, 1927 (being at the rate of Twelve per cent. per annum), has been declared upon the Capital Stock of this Institution, and the same will be payable at the offices of the Company, Toronto, on and after Friday, the 1st day of April, 1927. The Transfer Books will be closed from the 16th to the 31st of March, both days inclusive.

By order of the Board.

G. A. MORROW,
Managing Director.

WANTED

A Young Man with Trust Company Training or a young lawyer willing to take up Trust Company work, to take charge of an Estates Department at a Trust Company branch office in Ontario outside of Toronto. Good prospects for advancement in position and salary. Applications will be treated in confidence.

Apply, giving references and stating age and past experience, to

Box 520, Financial Post,
153 University Ave.,
Toronto 2, Ont.

The Dominion Bank

Notice is hereby given that a Dividend of three per cent. upon the paid-up Capital Stock of this Institution has been declared for the quarter ending 31st March, 1927, being at the rate of twelve per cent. per annum, and that the same will be payable at the Head Office of the Bank and its Branches on and after Friday, the 1st day of April, 1927, to shareholders of record of the 19th March, 1927.

By order of the Board.

C. A. BOGERT,
General Manager.

24th February, 1927.

SALE OF TIMBER

TENDERS WILL BE RECEIVED by the undersigned up to and including Friday, April 15th, 1927, for the right to cut the Pine Timber on Townships 4-C, 3-D, 4-D and 5-D in the Mississaga Forest Reserve, District of Algoma.

FURTHER PARTICULARS may be obtained upon application to the undersigned, or to Mr. A. H. Huckson, Crown Timber Agent, Sault Ste. Marie, Ontario.

WILLIAM FINLAYSON,
Minister of Lands and Forests.

N.B.—No unauthorized publication of this Notice will be paid for.

Toronto—Feb. 7th, 1927.

HOWARD SMITH PAPER MILLS Limited

Dividend Notice on Preferred Stock

Notice is hereby given that a Dividend of 2% on the Preferred Stock of the Howard Smith Paper Mills, Limited, has been declared for the quarter ending the 31st day of March, 1927, payable on the 11th day of April, 1927, to Shareholders of record at the close of business on the 31st day of March, 1927.

By order of the Board.

E. HOWARD SMITH, Jr.,
Secretary.

Montreal, February 28th, 1927.

THE WABASSO COTTON COMPANY LIMITED

DIVIDEND No. 37 AND BONUS

Notice is hereby given that a Dividend of One Dollar per share on the Capital Stock of the Company has been declared for the quarter ending 31st March, 1927, also a bonus of Fifty Cents per share payable on the 2nd day of April, 1927, to shareholders of record as at the close of business on the 15th March, 1927.

By Order of the Board.

JAS. R. RITCHIE,
Secretary-Treasurer.

Montreal, Que., February 10th, 1927.

THE SHERWIN-WILLIAMS COMPANY, OF CANADA, LIMITED

Notice is hereby given that the twenty-sixth quarterly dividend of one and a half per cent. (1½%) for the quarter ending February 28th, 1927, on the Common Stock of the Company has been declared payable to shareholders of record the 15th day of March, 1927, and that cheques will be mailed March 31st, 1927.

Books not closed.

By order of the Board.

D. A. WHITTAKER,
Vice-Pres. and Sec'y-Treas.

Montreal, Que., Feb. 15th, 1927.

THE SHERWIN-WILLIAMS COMPANY, OF CANADA, LIMITED

Notice is hereby given that the sixty-third quarterly dividend of one and three-quarters per cent. (1¾%), being at the rate of seven per cent. (7%) per annum, for the quarter ending February 28th, 1927, on the Preferred Stock of the Company, has been declared payable to shareholders of record the 15th day of March, 1927, and that cheques will be mailed March 31st, 1927.

Books not closed.

By order of the Board.

D. A. WHITTAKER,
Vice-Pres. and Sec'y-Treas.

Montreal, Que., February 15th, 1927.

THE BELL TELEPHONE Company of Canada

Notice of Dividend

A Dividend of two per cent. (2%) has been declared payable on the 15th April, 1927, to shareholders of record at the close of business on the 23rd March, 1927.

W. H. BLACK,
Secretary-Treasurer.

Montreal, 23rd February, 1927.

$256,500.00
City of Saskatoon
DEBENTURES FOR SALE

Sealed tenders, addressed to the undersigned City Commissioner and marked "Tender for Debentures," will be received up to 12 o'clock noon on Wednesday, March 23rd, 1927, for the following Sinking Fund Debentures—

Bylaw No.	Purpose	Term	Interest Rate	Amount
1563	Water connections	5	10	$9,000.00
1564	Sewer connections	5	10	6,000.00
1565	Watermain, 25th Street Bridge..................	5	30	10,000.00
1566	Water Meters	5	15	3,500.00
1567	Electric Light & Power Extensions	5	10	25,000.00
1569	City Hospital improvements	5	10	5,500.00
1570	Automatic half interlocking plant—20th Street..........	5	10	6,000.00
1571	Concrete sidewalks	5	20	19,000.00
1603	City Hospital Improvements (supplementary)............	5	10	2,500.00
1606	Children's Shelter	5	30	20,000.00
1615	Water meters	5	15	5,000.00
1616	Electric Light extensions	5	15	20,000.00
1619	Fire apparatus	5	10	17,000.00
1620	Auxiliary connection to Pumping Plant............	5	30	3,000.00
1642	Collegiate Institute extension	5	30	60,000.00
1643	Gravelling roads	5	10	45,000.00
				$256,500.00

These debentures are dated May 1st, 1927, and bear interest at the rate of 5 per cent. per annum, payable half yearly on the 1st days of May and November.

Alternative offers will be considered on the interest and principal being payable.

(1) At the Bank of Montreal, in Montreal, Toronto, Winnipeg, Vancouver and Saskatoon.

(2) At the Bank of Montreal in Montreal, Toronto, Winnipeg, Vancouver and Saskatoon; and at the Agency of the Bank of Montreal in New York.

The highest or any tender not necessarily accepted.

Full particulars regarding the City's financial position, etc., will be supplied on application to the undersigned city Commissioner.

G. W. NORMAN, Mayor.
ANDREW LESLIE, City Commissioner.

Saskatoon, Feb. 21st, 1927.

CITY OF REGINA
SASKATCHEWAN
5% Debentures
$227,675.00

Sealed Tenders marked "Tenders for Debentures" will be received in the Office of the City Commissioners, City Hall, Regina, Sask., up to Eleven o'clock, A.M., Tuesday, March 15th, 1927, for the purchase of the following 5% Sinking Fund Debentures, Regina payment and delivery:

Purpose	Amount	Term	Dated
Domestic Sewers	$ 5,600	30 years	Jan. 1st, 1927
Watermains	11,775	30 "	"
Pavement	175,000	15 "	"
Boulevards	10,300	15 "	"
Concrete Walks	25,000	15 "	"
	$227,675		

The debentures are offered subject to the passing of the Bylaws.

Alternative bids are requested:

1. On the basis of both principal and interest payable in New York, Montreal, Toronto, Winnipeg or Regina, at holder's option.
2. On basis of both principal and interest payable in Montreal, Toronto, Winnipeg or Regina, in Canadian currency only.

Tenders may be for the whole or any part of the issue.

The bonds are a direct obligation of the City at large, and are issued in coupon form with interest payable semi-annually, and principal at date of maturity.

Provision is made for the registration of principal only.

The right is reserved to reject any or all tenders.

Any further information will be furnished on application.

D. D. ROSS,
CITY TREASURER.

Featuring Public Utility Investments

THE FINANCIAL POST

The Canadian Newspaper for Business Men and Investors

Special Section — Pages 17-48

PUBLICATION OFFICE: TORONTO, MARCH 4, 1927

Special Section — Pages 17-48

Street Railway Line Cinderella of Utilities in Satisfactory Position

Canadian Tractions Are Finding More Favor With Public, and Outlook Much Improved — Situation Not Analogous to U.S.

By PETER WATTSON.

The pseudonym Peter Wattson covers the identity of two men actively engaged in finance. Their contribution bears the stamp of practical business experience backed up by the knowledge of economics and journalism which is theirs.

For many years the street railway company on this continent was looked at askance by the careful investor in public service stocks. The Cinderella of the utility group, this essential factor of urban transportation, was the butt of local political factions. Considered fair game by all parties angling for the popular vote, traction companies were the victims of restrictive franchises and hampering legislation.

This state of affairs, disastrous to the public, dependent on cheap and efficient transportation, and to the investor alike, no longer obtains with us. Canadian traction companies are fortunate in enjoying legislation, and a force of favorable public opinion which is still not to be found, for instance, among our neighbors to the south. Enlightened communities have come to realize that a service that is both efficient, and that will expand with the growth of their cities can only be achieved by allowing a fair return on the capital invested in a utility.

In days, now fortunately gone by, restrictive local taxes and franchises had the effect of throttling the supply of cheap capital, and as an immediate consequence the financing of neither extensions of lines, nor additions to rolling stock and equipment could be satisfactorily arranged, with the result that the final sufferers were the public. The results of this change of the public's heart may be seen in every large city in Canada. Though still the least profitable members of the public utility group, Canadian traction companies are now enabled to pay a fair return on their capital, and are offering their patrons a service comparing most favorably with the service of cities in the United States, in which climatic conditions should make for easier operating conditions.

Franchises Now Equitable

Furthermore, equitable franchises now in force in most of our cities ensure a continuance of this fortunate state of affairs. In almost all cases the companies have a virtual monopoly of the urban transportation, subject usually to repurchase clauses permitting the acquisition of the system by the local municipality on a fair value basis at certain stated intervals, usually at five yearly periods.

While these repurchase clauses have a certain useful effect, it is considered unlikely that the majority of them will ever be taken advantage of. Of the 2,400 miles of street car lines now operative in Canada, less than 35 per cent. is publicly owned, and municipal experience in this branch of public service has tended to change the trend of public opinion from the direction that was prevalent some five or ten years ago, when, as a result of the conditions then prevailing, equipment was old and in bad condition.

Only Twenty Systems

The number of cities in the Dominion in which a car service is operated is naturally small, since we have but a bare score or so which enjoy a population sufficient to warrant profitable operation of a traction company. Increasing population will mean additional operated mileage as well as the formation of new companies. In cities having a population of a hundred thousand or more, a street car system is imperative to handle with speed the peak transportation loads. It has been calculated that any other form of surface traction occupies three times as much road area per passenger carried, and cannot, as a consequence, cope with the business hour rushes with the same speed or efficiency.

Bus Finds Its Sphere

The bus is finding its proper sphere as a terminal feeder to the car lines. Though a comparatively new development for Canada, the conjunction of the two services for the development of new districts and for relieving traffic along parallel streets is being opened up rapidly. In Montreal, for example, more than 5,000,000 bus passengers were carried last year, and capital expenditure in adding to equipment in this branch of the Montreal Tramway Company during 1927 will spend $1,000,000 or more.

Thus the growth of the Canadian street car systems with the increase of urban population of the country is assured, and Canada should continue to hold an enviable position in the field. Favorable public opinion, and all that that implies, with high standards of good public service and efficient management are fast becoming traditions.

Fares Are Reasonable

There is a story told that when Montreal Tramways was doing some of its original financing, grave doubts were expressed by the institutions, which were then the large investors, and by the investigators they employed, that climatic conditions would never allow the successful operation of an electrical system. Yet the average street car fare in Montreal is 6.05 cents, which means a service 23 per cent. lower in cost than the average prevailing tariff in United States cities of 50,000 or greater population. At the same time, the company pays a 10 per cent. dividend on its common stock, and last year paid to the city for taxes, rental, etc., in excess of $1,300,000. Analyses of other traction enterprises in the Dominion show likewise an aggregate annual increase of business and profits available for distribution.

The continuance of the principle of monopoly of franchises, suitably safeguarded, will protect us from the pitfalls of bad legislation as evidenced in the Chicago muddle, or the deadlock among traction groups in New York City. At the same time a steady progression of the present attitude of management in public service will consolidate public goodwill.

TRAMWAYS HAVE LARGER NUMBER OF PASSENGERS

For the First Time in Six Years Passengers Carried Increases

During the war years, the number of persons carried on the tramways of Canada increased annually until it reached a peak of 804,711,333 in 1920. Between the years 1920 and 1925, the number carried by street cars declined very sharply between 1920 and 1922, but smaller declines were experienced during 1923, 1924 and 1925. The number of passengers carried in 1925 amounted to 725,491,101—a decline of just over 1,000,000.

While the trend has been downward in recent years, yet for 1926 the figures when they appear will once again take the upward path, for figures taken from companies operating in representative localities, such as Montreal Tramways, show an increase in passengers carried during the year. Perhaps this fact will prove of some consolation to the shareholders in those companies who have found the past decade very lean. In other words, perhaps the unsatisfactory tramway situation, which has prevailed in many places, is now due for some improvement.

Capital investment in electric railways in Canada, including stocks and bonds, amounts to over $220,000,000, and it is significant that the consolidated income account of all the electric railways in Canada for 1925 reveals a deficit of over $1,000,000 after all charges, as compared with total earnings of some $50,000,000.

Patronage Increases

For the first time since the war, the number of passengers carried by electric traction companies in the States showed an increase during 1926. The number of companies in the hands of receivers continued to decrease. There are now only 55 companies in receivership out of more than 800 at one time. Electric railway fares increased substantially during the year and have now reached a peak. The average fares for companies operating in cities of 25,000 population and over is now 7.74 cents as compared with 7.6 cents a year ago. Motor bus fares have also tended upward during the year and the average cash fare amounts to 8.5 cents. There were great expansions in the use of motor buses during 1926 and electric traction companies are more and more finding the value of this form of transportation as a feeder for their lines.

No doubt remains as to the future of electric railways transportation in the large centres. The electric car has demonstrated thoroughly it will remain the backbone of mass transportation. The small city line still is a problem. Most electric railway abandonments have been in cities of from 3,000 to 25,000. The solution in some of these centres may be substitution of buses at higher fares.

Some interurbans are stabilizing their business by carrying freight and express. Others, which never should have been built are not doing so well.

Outstanding problems of the industry are, traffic congestion, which slows up cars; taxes, which are the highest of any industry in the world, and the increasing use of the private automobile in daily business. Managements generally are approaching these problems progressively. They are effecting great operating economies, using paid advertising and other proved forms of salesmanship and on the whole are confident of the future.

POWER

Present, Prospective, Future

Installations Added in 1926

	Horsepower
B. C.—	
W. Kootenay Pr..	20,000
Powell River Co..	25,860
Manitoba—	
Manitoba Power.	28,000
Winnipeg Hydro.	15,200
Ontario—	
Quinte & Trent Valley	2,980
Sundry	2,766
Quebec—	
Gatineau Power .	42,000
Duke-Price	90,000
Shawinigan	20,600
Dononcona	800
Montreal Cottons	12,000
Sundry	2,600
N. B.—	
Sundry	2,600
N. S.—	
Sundry	375

Total Development in Canada at End of 1926

	Horsepower
B. C.	461,562
Alberta	34,107
Saskatchewan ...	35
Manitoba	227,125
Ontario	1,790,588
Quebec	1,914,328
Nova Scotia	45,006
New Brunswick..	67,927
P. E. I.	2,274
Yukon & N.W.T..	13,199
Total develop...	4,556,151

Developments Underway

	Horsepower
B. C.—	
xW. Kootenay Pr.	60,000
B.C. Electric	12,500
Manitoba—	
Manitoba Power .	28,000
Ontario—	
Hydro Com.	55,550
Spruce Falls Co..	70,000
Keewatin Power..	17,000
Backus Brooks ..	37,620
Quebec—	
International Pap.	530,000
Aluminum Co. ..	800,000
Ontario Power ..	40,000
Shawinigan	4,000
Quebec Southern.	2,500
N. B.—	
St. John River Pr.	60,000

xPreliminary work underway.

Prospective Developments

	Horsepower
B. C.—	
B. C. Electric ...	54,000
Quebec—	
Power Corp. Riviere des Prairie	65,000
Southern Can. Pr.	50,000
Donnacona Paper	5,000
City of Sherbrooke	3,000
International Pap.	40,000
Riviere des Mille Isles	16,000
Ottawa River Pr.	50,000
Lake St. John Pr.	10,000
Carillon Falls ...	300,000
N. B.—	
Bathurst Co. ...	40,000
N. S.—	
N.S. Power Com..	2,500
Avon River Power	3,000

Power Projects Grow; 1926 is Active Year

Actual Increase in Developed Horsepower is Below 1925 Level But Many New Large Projects Are Initiated — Development by Provinces

A year of widespread activity in hydro-electric and water power development in Canada is again evident from the review prepared by the Dominion water and power and reclamation service of the Department of the interior. While the total additional installation throughout the Dominion did not reach the record figure of the preceding year, it was nevertheless substantial, being just slightly under 266,000 horsepower which brings the total installation in Canada to 4,556,000.

While the figure of actual installation is substantial it falls far short of indicating the magnitude of constructional activity during the year. Projects are actually under way, a number being near completion, which will ultimately add to the Dominion's total more than 1,700,000 horsepower while others in active prospect promise a further addition in excess of 1,000,000 horsepower. These figures combined would represent at the very least a direct investment of 270,000,000 regardless of the new capital required in the application of the power.

Quebec Takes Lead

In the review of activities by provinces, which follows, it will be noted that Quebec took the lead in 1926 with 168,000 h.p. followed by British Columbia with 45,800 h.p., Manitoba with 43,200 h.p., Ontario with 5,700 h.p., New Brunswick with 2,600 h.p., and a small addition in Nova Scotia. The small addition in Ontario is largely attributable to the completion, in 1925, of a very large program of construction which had extended over several years and as a result a certain period of time must elapse before new projects commence to add their quota to the province's total. The outstanding achievement of the year was undoubtedly the work accomplished by the Gatineau Power Company in the virtual completion of its two plants on the Gatineau River at Chelsea and Farmers Rapids and the initiation of construction at Paugan Falls these three plants having a total designed capacity of 530,000 h.p. Other works of magnitude were carried out by the Powell River Company and the West Kootenay Power & Light Company in British Columbia; the Manitoba Power Company and the City of Winnipeg in Manitoba, the Ontario Hydro-Electric Power Commission and the Quinte & Trent Valley Power Company in Ontario; the Duke-Price Company, the North Shore Power Com-

(Continued on page 18)

Growth of Telephone Industry is Assured

Some 2,500 Telephone Systems Are in Operation in Dominion — Expansion Not Dependent on Population

Not only does the normal increase in the population bring about a corresponding increase in the use of the telephone, but the number of telephones in use per hundred of population will probably also increase. At the beginning of 1926, the last date for which figures are available, there were 12.22 telephones for every hundred of population—an increase of three-fifths of 1 per cent. compared with the preceding year.

In the United States there is an average telephone density of 14.2 telephones for every hundred persons, so that it can be seen that the telephone industry of Canada is not only dependent for its growth upon the natural growth of the population.

Average Rate Higher

With the increasing use of the instrument, it is probable that the trend of rates may be very slightly upward. But compensating this, the long distance rates are declining. That this continent as a whole enjoys efficient telephone service, may be judged from the increasing use to which the instrument is put. The only other countries, in which the distribution of the telephone even approaches that of Canada and the United States, are Denmark, with nine, and New Zealand with 8.7 telephones for every hundred of population.

Density Varies With Locality

The density of the distribution of telephones in Canada varies considerably between each of the provinces. The following table shows the number of telephones per 100 of population in each province:

British Columbia	17.72
Ontario	16.39
Saskatchewan	12.02
Alberta	10.75
Manitoba	10.52
Quebec	8.86
Nova Scotia	7.32
New Brunswick	7.18
Prince Edward Island	6.32

Many Companies Operate

It is perhaps surprising that there are as many as 2,495 telephone systems in Canada. They include the three large provincial systems in the three Prairie provinces, two smaller systems belonging to Ontario and also the system operated by the parks branch of the department of the interior of the Dominion government. There are 144 municipal systems, the larger ones being operated by the cities of Edmonton, Fort William and Port Arthur. The co-operative sys-

(Continued on page 19)

Complex Subsidiaries Do Not Lower Values of Utility Investments

Multiplicity of Subsidiaries is Not Danger Signal — Possible Trouble May Arise Through Pyramiding Holding Companies—Not Canadian Practice

"More light—and power, too," said Professor Ripley in a recent issue of the Atlantic Monthly, in which he pointed out some of the dangers which exist in the power situation in the United States. One of the chief faults which Professor Ripley found with the U.S. power companies was the pyramiding of holding companies.

Holding companies in the United States are sometimes used to pyramid the profits of the ultimate holding companies, for example, half the shares of a traction company might be owned by a holding company which in turn would have 51 per cent. of its stock held by another company. When this occurs, a rise or fall in profits of the operating company is of course, tremendously magnified in the earnings of the ultimate holding company.

Applies to States Only

While Professor Ripley's remarks apply with particular force to the situation existing in some of the American public utility companies, yet they cannot be said to apply to Canadian public utility enterprises. While there are many power companies in Canada which own shares in other power properties, yet the connection between the companies is not such that profits pyramid as would be the case if a succession of more or less dummy companies were formed to hold shares in an operating property.

The Shawinigan Water & Power Co. has many subsidiaries, yet practically without exception these subsidiaries in turn are not holding companies but are operating companies. Thus, should profits from the subsidiaries move either up or down, such movements are not exaggerated in the income of the parent company.

There is no Danger

True, the Quebec Power-Quebec Railway chain of companies is intricate but it is necessarily so, for it is impossible to wind up the Quebec Railway property. Some of the shareholders cannot be found and there are other difficulties in the way. Moreover, the Quebec Power Company, while it does not own all the shares of the Quebec Railway, owns what practically amounts to 100 per cent. of the stock. The Quebec Railway shares still outstanding are either lost or they can not be obtained by the parent company, the Quebec Power.

There are holding corporations, too, such as the International Power, which controls a string of utilities situated in North, South and Central America. But the earnings of the parent company come directly from its holdings of its operating subsidiaries. There is no pyramiding of holding companies so that increased profits will be exaggerated in the income account of the ultimate holding company. The functions fulfilled by the International Power, and by the Power Corporation, are practically those of the investment trust, which has long been recognized as an excellent form of investment, with the exception that both parent companies exercise some operating supervision over their subsidiaries.

Effects of Depression

There is no danger to the investor in holding securities in a company which obtains its revenue from holdings in other companies. When holding companies are formed to hold shares in other holding companies, that is where the danger arises, for it can be seen that the earnings of the operating properties become exaggerated in the ultimate holding company and should a period of depression set in, the shares of a company at the end of such a chain would suffer a depreciation something like that of a rubber balloon when punctured. Although the financial structure of many of the power companies and their subsidiaries appears somewhat complex, yet they do not labor under any such handicap as some of the operating properties in the United States which have holding company after holding company built up on top of their financial structures.

DAY MAY COME WHEN ALL COAL WILL MAKE GAS

Advantages of Fluid for Industrial Purposes Are Increasingly Evident

By R. A. McGee, Consumers' Gas Co. of Toronto

As long ago as the year 1881 Sir William Siemens said: "I am bold enough to go so far as to say that raw coal should not be used as a fuel for any purpose whatsoever and that the first step toward the judicious and economic production of heat is the gas retort or the gas producer in which coal is converted either entirely into gas or into gas and coke."

This statement was indeed a bold one in the day when it was made, and its author seems to have hesitated to express the hope that industrial fuel practices would ever be truly "judicious and economic." To-day the outlook is more hopeful. No gift of prophecy is now required to foreshadow the day when the use of coal in the raw state will be the exception rather than the rule.

Value of Gas

Twenty years ago the annual production of manufactured gas on this continent was 100 billions of cubic feet, ten years later it was double, and to-day it is more than quadruple that figure. In Toronto the rate of growth of the gas industry has been fully equal to the average elsewhere, a very large part of the increase within the past ten years being due to the growing importance of the city's manufacturing enterprises and their demand for gas in the face of the keenest kind of competition from other fuels.

Why do the prominent manufacturers of all large cities, Canadian, English and American, choose gas as the fuel for their finer processes? Perhaps the best answer to this question is supplied by Arthur D. Little, the well-known Boston chemist writing in "Industrial and Engineering Chemistry."

Mr. Little says:

"Gas has been well described as cleanly, smokeless, sootless, dustless, ashless, instantaneous, flexible, controllable. It is in all these respects an ideal fuel as millions of householders and thousands of industrialists well know. Gas as a fuel possesses form value—the ability to serve—in a very high degree. It is, therefore, not surprising that its development has been consistent and progressive."

"Ability to Serve"

"The ability to serve"—these four words epitomize the value of gas as a fuel. Judged by this standard of service, only two other fuels can be considered as competitors; these fuels are oil and electricity.

Oil bases its chief claim to consideration on the score of price. On a B.T.U. content basis it is lower in price than gas, but in most cases this heat content cannot be fully realized. Oil is deficient in flexibility and ease of control for industrial purposes. It is limited in quantity and tends to advance in price. The entire supply will one day be required for certain special services.

Electricity equals gas in flexibility of control and when developed from water power can often be sold at attractive figures, but here again supply is limited. The water powers of all Canada, vast as these resources are, cannot supply the total heating requirements of even one city such as Toronto.

Field for Others

Oil, electricity, coal and wood do, and probably always will, occupy those positions in the field of heating to which these fuels are peculiarly fitted. Our needs are complex and various, but they are also vast in extent, so vast that the ultimate supremacy of manufactured gas is not only advisable but necessary. Manufactured gas, of which the supply is capable of tremendous expansion, and of which the cost tends to lessen as the volume of production grows, is destined to fulfil the bulk of our requirements.

Based on fuel costs alone, the economy of gas over cruder fuels is not apparent. But on closer analysis, giving due consideration to the many economies made possible by using the easily controlled gas fuel, it is found in the majority of cases that overall costs are greatly reduced by its use.

The evenness of gas heat and the ease of automatic control means a more uniform product and greater production. Absence of ash, increased life of brick work, saving in storage space and ash disposal, the lack of handling costs and less maintenance required are a few of the items contributing to lower over-all costs.

Saving in Costs

For example, the use of gas heated furnaces in a large Toronto newspaper plant for preparing type metals, results in the metals being held always at the proper temperature and in the condition for best results. A clean, well-printed page is obtained with a smaller expenditure of time and the neat, dustless plant results in better conditions of labour. The elimination of coal and ash saves space, saves handling costs and reduces maintenance charges.

The food product manufacturers of Toronto were among the first to adopt gas as a fuel for large scale operations. This is perhaps natural on account of the great value of cleanliness to business of this nature, in addition to uniformity of quality, appearance and freedom from losses, which ad-

(Continued on page 19)

Power Projects Grow; 1926 is Active Year

(Continued from page 17)

pany, the Canadian International Paper Company and the Ontario Paper Company in Quebec, while in New Brunswick work was commenced by the St. John River Power Company at Grand Falls on the St. John River.

British Columbia's Increase

The total increase of 45,860 h.p. in the installation in British Columbia was contributed by the West Kootenay Light & Power Company at Lower Bonnington Falls and the Powell River Company in its plant at Powell River.

The West Kootenay Light & Power Company completed its 60,000 h.p. plant at Lower Bonnington Falls on the Kootenay River by the addition of the third unit of 20,000 h.p. Preliminary work was also carried out by the same company in connection with a new development of 60,000 h.p. at South Slocan. This work will be actively prosecuted during 1927.

The Powell River Company completed an extensive program of construction in connection with its pulp and paper mill and power plant at Powell River on the lower coast. In addition to replacing some of the old generating machinery with new, a new hydro-electric unit of 13,500 h.p. was installed together with two 6,180 h.p. units direct connected to pulp grinders, making in all an addition of 25,860 h.p.

B. C. Electric's Work

The British Columbia Electric Railway Company completed the Alouette dam and spillway early in the year and the resulting water storage proved of the greatest benefit during the low water season of 1926 in augmenting the supply at the Stave Falls power station. The construction of the 12,500 h.p. Alouette power station is being proceeded with, and is to be completed in 1927. In connection with the Bridge River project the company carried on engineering investigations and at the site of the power station on Seton lake, extensive work was done in the preparation of camp buildings, tracks and material yards. It is anticipated that a contract for the main tunnel, 14,000 feet in length will be awarded by midsummer of 1927. This project is designed for an initial capacity of 54,000 h.p. and may ultimately reach a total of from 550,000 to 700,000 h.p. At Jordan River at Vancouver Island the company raised its storage dam eight feet and has commenced the construction of a new flume of larger capacity than the one now in use.

Among rivers on which hydro-electric projects have been under investigation may be mentioned the Campbell, Shuswap, Cleakamus, Upper Columbia and Kettle.

Alberta's Progress

In Alberta although no new installations were added during the year the Calgary Power Company extended its transmission system south a distance of 35 miles to serve the town of High River and a further extension of 12 miles to the town of Blackie. Power will be supplied from the company's plants on the Bow River at Seebe.

Manitoba's Installations

In Manitoba additions totaling 43,200 h.p. were made to the plants of the City of Winnipeg and the Manitoba Power Company.

The City of Winnipeg added units 15 and 16 to its station at Point du Bois on the Winnipeg river. These units which are each of a capacity of 7,600 h.p. complete the installation of the Point du Bois station which now has a capacity of 109,000 h.p.

At the Great Falls Plant of the Manitoba Power Company on the Winnipeg river, unit number three of 28,000 h.p. capacity was added, bringing this station to a total of 84,000 h.p. A contract for the fourth unit also of 28,000 h.p. capacity has recently been let for installation in 1927. In addition to this new power installation the Company has completed the structures appurtenant to the power station which will permit raising the forebay level to secure the full designed head. A steel tower 110,000 volt, transmission line was also built from Great Falls to the mill of the Manitoba Paper Company near Fort Alexander. This line will eventually form part of a new transmission line from the Great Falls plant to Winnipeg. It is also proposed to build a line from Great Falls to the Rice Lake Mining district which lies to the north-east.

At Point du Bois

To provide for its further needs when the Point du Bois Plant is fully loaded the City of Winnipeg has entered into a ten-year contract with the Manitoba Power Company whereby the Company will supply the city with a block of power starting with 10,000 h.p. in 1928 and reaching a maximum of 30,000 h.p. two years later, the price to be $17.50 per year per horsepower maximum demand.

During the year the Manitoba Power Commission added to its system by the construction of a line from Portage la Prairie to High Bluff a distance of 8½ miles.

Ontario Makes Progress

The new installation in Ontario during 1926 was comparatively small, amounting to 5,746 h.p. but other works which are under construction or in early prospect will add considerably to the provincial total.

The Ontario Hydro-Electric Power Commission brought to completion at the close of 1925 its two large stations, the Queenston on the Niagara river with 550,000 h.p. and the Cameron Falls on the Nipigon river with 75,000 h.p. The Queenston station is now fully loaded and for the further supply of the Niagara system the Commission has entered into a contract with the Gatineau Power Company for a block of from 230,000 to 260,000 h.p., delivery to commence in 1928. This power will be supplied from stations now under construction on the Gatineau River in the Province of Quebec and the energy will be carried over a high tension transmission line from the plants direct to Toronto. Surveys for the line are practically completed and construction will commence during 1927. On the Nipigon river the Commission has commenced the construction of a new plant of 54,000 h.p. capacity at Alexander Landing, a short distance below the Cameron Falls Station. Power from this new station will feed the Thunder Bay system and supply the growing market in the Port Arthur and Fort William district. In the Georgian Bay system the Commission completed the construction of a plant of 1,550 h.p. capacity at Hanna Chute on the South Muskoka river a short distance above, and connected with the South Falls station.

In the Trent Valley the Quinte and Trent Valley Power Company completed two developments, one at Campbellford with 1,110 h.p. and the second at Frankford with 2,980 h.p. the power being used in those localities.

In Northern Ontario

In Northern Ontario the Abitibi Power & Paper Company completed the transmission line from its 48,000 h.p. plant at Island Falls on the Abitibi river to the mills at Iroquois Falls, and energy was delivered during the year. The town of Cochrane is also served from this line. A short distance to the west the Spruce Falls Company commenced the construction of a development at Smoky Falls on the Mattagami river which will probably have an installation of 70,000 h.p., and will supply energy to the Company's pulp and paper mills in the district.

In the extreme westerly part of the province the Keewatin Power Company completed its 17,000 h.p. development at the Western Outlet of the Lake of the Woods. In the same district the Backus Company commenced the construction of three developments on the Siene river which will have a total capacity of 37,620 h.p. Two of these plants are well advanced and all are to be completed during 1927. The power will be transmitted to Fort Frances for use in the pulp and paper mills at that place.

Quebec Heads Provinces

Water power activities in Quebec province continued on a large scale during 1926 and while the total of some 168,000 h.p. actually placed in operation fell short of that of the record year 1925, developments now under construction represent a future addition of more than 1,400,000 h.p. which indicates that progress has not slackened.

The hydro-electric activities of the Canadian International Paper Company in the Hull district are outstanding among the year's developments. The Company started construction of a large electrically driven pulp and paper mill at Gatineau, Quebec, a short distance east of Hull, and through its subsidiary, the Gatineau Power Company, of three important hydro-electric developments on the Gatineau river, namely, 120,000 h.p. at Farmer's rapids. 170,000 h.p. at Chelsea and 240,000 h.p. at Paugan Falls. The first two plants are practically completed, the first unit to be placed in operation at the beginning of 1927, while work on the Paugan plant has been recently commenced. These plants are to supply the Company's pulp and paper mill and as previously mentioned, a large block is to go to the Niagara system of the Ontario Hydro-Electric Power Commission. This Company is also taking an active part in the construction of the Baskatong storage reservoir on the Gatineau river under the direction of the Quebec Streams Commission.

Development At Lake St. John

In the Lake St. John district the Duke-Price Power Company has added two units of 45,000 h.p. each to the Ile Maligne development on the Saguenay river; the present installation now totals 450,000 h.p. while the ultimate capacity is to be 540,000 h.p. Preliminary construction is being continued on the 800,000 h.p. development of the Aluminum Company of Canada at Chute-a-Caron on the Saguenay. A very notable feature of this district has been the establishment of new industries attracted by the remarkable power facilities offered by these most advantageous sites. The Aluminum Company is already operating its reduction works at the new Town of Arvida, while a number of large pulp and paper mills and a $12,000,000 electro-metallurgical plant are either under construction or projected. The construction of a 168,000 volt transmission line is well under way to connect the Duke-Price Power Plant with the Shawinigan system at Quebec City.

The Shawinigan Water & Power Company through its subsidiary the North Shore Power Company, placed in operation a new development of 22,000 h.p. at St. Narcisse on the Batiscan river, replacing a 1 600 h.p. installation reputed to be the first in the British Empire to supply energy over long distance transmission.

Ottawa River Plants

Other hydraulic installations placed in operation during the year include a 16,800 h.p. addition to the Kipawa plant of the Canadian International Paper Company; the addition of 800 h.p. to the Pont Rouge plant of the Donnacona Paper Company; a 2,000 h.p. addition to the Electric Reduction Company's plant at Buckingham, a new development of 515 h.p. on the Little Blanche river by the Papineauville Lumber Company and a 72 h.p. plant at Mastai in connection with hospital work.

A fifty-mile transmission line has just been completed from the Quinze power plant of the Canada Northern Power Company to supply the Rouyn Mining field of Northern Quebec. A fairly extensive rural electric supply system has also been completed on the Island of Orleans by the Montmorency Electric Company, the energy being secured from the Quebec Power Company.

The Ontario Paper Company has under construction a 40,000 h.p. development on the Outardes river and installed a unit of 1,300 h.p. during 1926 to supply power for construction purposes.

At St. Alban on the Ste. Anne-Perade river the Shawinigan Water & Power Company has started the construction of a 4,000 h.p. development which replaces an older installation of 750 h.p. at that place.

The town of Coaticook has almost completed a 2,000 h.p. plant within the town on the Coaticook river, replacing four smaller installations which aggregated 570 h.p.

In the Laurentians

In the Laurentian district north of Montreal the Quebec Southern Power Corporation has acquired the St. Jerome Municipal plant and is increasing the installation of its Rawdon plant from 300 h.p. to 2,500 h.p.; the ultimate installation to be 7,500 h.p. The corporation has also added 100 miles of transmission lines to its system which now total 270 miles.

Other additions which are practically completed include improvements to the Montreal Cotton Company's plant at Valleyfield to increase its capacity to 12,000 h.p. and 1,200 h.p. added to the Paton Woollen Mill at Sherbrooke.

Projects which are under active consideration include a 65,000 h.p. development on the Prairie river near Montreal by the Power Corporation of Canada, a 50,000 h.p. development at Spicer Fall on the St. Francois river by the Southern Canada Power Company, a new or additional installation of from 4,000 to 9,000 h.p. by the Donnacona Paper Company on the Jacques Cartier river; the development of 3,000 h.p. at the Westbury site on the St. Francois river by the City of Sherbrooke; a 40,000 h.p. plant at Mountain Fall on the Rouge River by the Canadian International Paper Company; 16,000 h.p. on Mille Isles river near Terrebonne to supply a pulp mill; a 50,000 h.p. addition to the Ottawa River Power Company's plant at Bryson on the Ottawa river; the distant possibility of a 10,000 h.p. to 20,000 h.p. plant on Mistassini river in connection with the Mistassini Pulp and Power Company's paper mill, which for the present, may be supplied with power from the Duke-Price Power Company; and a possible development of several thousand horsepower at Ste. Ursule Falls on the Maskinonge River.

Projects for the development of power along the Ottawa river have also recently been active. The Carillon site, which has been leased by the Quebec and Ontario Governments, is spoken of for early development. The Quebec portion of Chats Falls has also been leased by the Quebec provincial authorities.

The Quebec Streams Commission continued its beneficial work which so enhances and encourages water power development throughout the province. The Commission now has extensive storage reservoirs in operation on the St. Maurice and the St. Francois rivers, in Kenogami Lake, Ste. Anne-de-Beaupre and Mitis rivers, all of which are at present reported filled to capacity, the various plants affected being assured of an ample supply of water during the coming winter. The Commission now has under its supervision the construction of the Baskatong reservoir on the Gatineau river, expected to be completed before the end of the present winter season, this includes Baskatong Lake and is to have a capacity of 94 billion cubic feet to regulate the flow to 8,000 cubic feet per second. The existing storage system on the North river comprising three lakes was also recently taken over by the Commission with the intention of improving the same in the near future. Further studies were made of the Mekinac storage on the lower St. Maurice, including additional borings, and it has now been decided to proceed with construction next spring at a cost of some $600,000. Other work includes storage surveys on the Batiscan river basin; a summary investigation of the Megiscan watershed for power and storage, a power site investigation on Rimouski river and a storage reservoir survey on Sud river.

New Brunswick Adds 2,600 h.p.

The net increase of 2,600 h.p. in the total installation in New Brunswick was accounted for in the plant of the Maine and New Brunswick Electrical Power Company at Aroostook Falls on the Aroostook river. This was occasioned by the replacement of a unit in the plant by one of larger capacity.

Of outstanding importance was the initiation of work at Grand Falls on the St. John river. At this site, which is the largest in the Maritime provinces, actual development was commenced during the month of August by the St. John River Power Company. The scheme calls for an initial installation of 60,000 h.p. in three units of 20,000 h.p. each and involves the erection of a dam just above the falls, a tunnel through the rock under the town and a power house in the lower basin which will operate under a head of 130 feet. The power will be used principally in news print mills to be erected by the New Brunswick International Paper Company and the Fraser Companies, Limited. In ad-

(Continued on page 19)

NEW ISSUE

$3,000,000

International Power Company, Limited

6½% 30-Year Gold Debentures

To bear date March 1st, 1927. To mature March 1st, 1957. Coupon Debentures, in denominations of $500 and $1,000, registerable as to principal. Principal and semi-annual interest payable at The Royal Bank of Canada, Montreal, Toronto, Winnipeg, Vancouver, Halifax or Saint John, N.B., or, at the option of the holder, at the Agency of The Royal Bank of Canada, New York, or at The Royal Bank of Canada, London, England. Redeemable as a whole or in part, on thirty days' notice, at 105 and accrued interest.
Trustee: The Royal Trust Company, Montreal.

Complete circular, copies of which will be supplied upon request, contains information furnished by International Power Company, Limited, from which the following is summarized:

THE COMPANY: International Power Company, Limited, incorporated under the laws of the Dominion of Canada as a public utility holding and operating company, controls public utility properties which have been in successful operation for many years, in Bolivia, British Guiana, Newfoundland, Porto Rico, Salvador and Venezuela. The combined population served by its properties is approximately 800,000, and the number of light and power customers is in excess of 63,000.

CAPITALIZATION (Upon completion of present financing):—

	Authorized	Issued
6½% 30-Year Gold Debentures (this issue)	....	$3,000,000
7% Cumulative First Preferred Stock	$8,000,000	5,000,000
6% Convertible Second Preferred Stock	2,000,000	2,000,000
Common Stock (no par value)	150,000 shs.	110,000 shs.

DEBENTURE ISSUE: Debentures will be, in the opinion of Counsel, a direct obligation of the Company and will be issued under an Indenture which will include a provision that debentures in excess of the amount of First Preferred Stock at any time outstanding may be issued only under certain restrictive conditions.

PURPOSE OF ISSUE: This issue of Debentures is made for the purpose of providing for the construction of extensions and improvements to the properties controlled by the Company, and for the acquisition of shares of The Porto Rico Railways Company. Limited.

PROPERTIES: Properties controlled by the Company are:—

The Porto Rico Railways Company, Limited, which owns and operates electric lighting and power distribution systems in San Juan, the capital, and the principal municipalities in the eastern section of Porto Rico; also operates the tramway system of San Juan and 18 miles of steam railway extension.

Venezuela Power Company, Limited, which operates the electric light and power businesses of Maracaibo and Barquisimeto, Venezuela. Maracaibo, the largest port and second largest city of Venezuela, is also the distributing centre of one of the world's important oil-producing districts.

San Salvador Electric Light Company, operating the light and power services of San Salvador, capital of the Republic of Salvador, and 16 adjoining municipalities.

Newfoundland Light & Power Company, Limited, which operates the electric light, power and tramway systems in St. John's, the capital of Newfoundland.

Demerara Electric Company, Limited, operating the light, power and tramway systems of Georgetown, principal city of British Guiana.

Bolivian Power Company, Limited, which operates the electric lighting, tramway and telephone undertakings of La Paz, the seat of government and principal city of Bolivia.

EARNINGS: Combined earnings for the years 1923 to 1926, inclusive, of the properties controlled are appended.

	1923	1924	1925	1926
Gross Earnings	$2,964,252	$3,132,414	$3,349,485	$3,669,070*
Less Operating & Maintenance Charges	1,758,273	1,771,188	1,958,833	2,106,578
Net Earnings available for Interest & Reserves	$1,203,979	$1,361,226	$1,390,652	$1,562,492
Balance available for reserves of subsidiaries and Debenture Interest				$ 826,877†
Annual Debenture Interest				$ 195,000

*Figures subject to audit. December in part estimated. Earnings, where necessary, converted at current exchange rates.

†After allowance for interest and dividend on $7,026,666 of Bonds and Debentures and $1,000,000 of Preferred Stock of subsidiaries, outstanding in the hands of the public as at December 31st, 1926, and proportion of earnings applicable to minority shares.

In the above earnings figures the ownership by the Company of all the Common Stock of The Porto Rico Railways Company is assumed, as provision has been made in the present capitalization for their acquisition.

DIRECTORS: The Directors of the Company include: I. W. Killam (President), Montreal, President Calgary Power Company, Limited; Russell D. Bell, Montreal, President Jamaica Public Service Company, Limited; G. MacGregor Mitchell, Halifax, N.S., Director The Royal Bank of Canada; Victor E. Mitchell, K.C., D.C.L., Montreal, Director Abitibi Power & Paper Company, Limited; W. C. Pitfield, Montreal, Director Ottawa Light Heat & Power Company, Limited; John H. Price, Quebec, President Price Brothers & Company, Limited Director Duke-Price Power Company, Limited; His Honour W. D. Ross, Toronto, Chairman of Board of Directors The Porto Rico Railways Company, Limited, Director The Bank of Nova Scotia; O. E. Smith, Halifax, N.S., President Maritime Telegraph & Telephone Company, Limited, Director the Bank of Nova Scotia, and Fred R. Taylor, K.C., D.C.L., Saint John, N.B.

GENERAL: Operating results of constituent companies during the past year have clearly demonstrated that the business being done in the respective territories served may be largely extended. Continuing development, through the application of modern methods and centralized control, should result in a steady increase in value and earning power of the assets underlying these Debentures.

We offer these Debentures for delivery if, as and when issued and received by us and subject to the approval of our counsel of all proceedings, at—

100 and accrued interest, yielding 6½%

Royal Securities Corporation, Limited

Greenshields & Co. **Hanson Bros.** **R. A. Daly & Co.**

The above statements are not guaranteed, but are based upon information which we believe to be reliable and on which we acted in purchasing these securities.

Montreal Tramways

Satisfactory Investment With an Excellent Yield Giving Indications of Future Benefits to the Shareholders — Contract With City Almost Assures Dividends

Perhaps the issuance of "rights" to new shares to the shareholders of Montreal Tramways Co. during the past year is some indication of what the shareholders may expect in the future. Montreal Trams stock is essentially a long hold proposition. The company, controlled by Montreal Power and Shawinigan, operates under a strong and decidedly efficient management. This management, after acquiring control of the company from the Robert interests some years ago, has improved the property in every way, and has also improved the value of its shares.

Montreal Trams is in the transportation business in the city of Montreal and in the ultimate future there seems no doubt that the present system, including trams and buses, will not be sufficient to handle the traffic.

Thus, there may be incorporated a new company which would undertake further transportation developments in the city of Montreal. This might include perhaps subways, or perhaps some type of overhead system.

Perhaps Large Expansion

Extensions such as this are perhaps some distance in the future, but in the meantime Tramways is expanding and the shareholders, therefore, can look for a very satisfactory return on their money coupled with, in the ultimate future, the possibility of sharing in valuable stock rights if, as, and when Montreal Tramways decides to undertake some new form of transportation effort in the rapidly-growing city.

The present management has steadily improved the earnings of the property and while the contract with the city probably will not allow increased dividends to the shareholders, they should benefit by the issuance of valuable rights from time to time.

The company owns and controls all the street railways operating in the city of Montreal and the suburban municipalities on the island of Montreal. The population of the districts served is in excess of 1,000,000.

The franchise rights are embodied in a contract with the city of Montreal which provides that fares shall be adjusted from time to time in order that the company shall receive, after payment of all operating expenses and maintenance and renewal fund payments, an annual return of a minimum of 6 per cent. on the capital value of the property, fixed through the franchise contract. This contract continues in effect until March, 1953, and is not terminable unless the city exercises the right to expropriate the property.

The contract creates a commission of three, appointed for ten-year periods, called the Montreal Tramways Commission. The duties of the Commission are to administer the contract under which the company operates, and to maintain fares at rates sufficient to meet the various requirements of the contract.

The requirements include operating expenses, taxes, moneys for maintenance and renewal and a 6 per cent. annual return upon the capital invested. In addition, it provides for a rental of $500,000 per annum which is paid to the city of Montreal. Any surpluses which remain after meeting all the conditions of the contract are divided between the company and the city, but a large portion goes to create a fund for the reduction of fares.

In other words, the Tramways Company annually obtains its revenues, as set forth in the contract with the city. These revenues constitute the gross earnings of the Montreal Tramways Company. From these gross earnings the company deducts its fixed charges and dividends. Operating expenses and taxes are not deducted, as these two items are definitely allowed the company under contract. It is the definite return upon the capital expenditure which therefore constitutes the company's income from the operation of the tramways and the motor buses.

It is provided under the contract that in the event of any shortage of revenues, arising in any one year, to cover the obligations in the contract with the city, the commission is authorized and obliged to add such shortage to the requirements of the next year and to make a rate of fares to cover the total. From the foregoing, it will be seen that the city of Montreal is directly interested in the prosperity of the company.

Not only does the company operate its street car business, but it is steadily expanding in the motor bus field. An order recently has been placed for a large number of new motor buses.

Capitalization—	Authorized	Outstanding
Common stock	$20,000,000	$ 4,000,000

Funded Debt—

General refunding 5% mtge. due 1955, "A"	$17,826,500
First mtge. bonds, 5%, due 1941	23,101,000

Dividend Record—

1913	10%	1920	10+10%
1914	10	1921	10+5
1915	10	1922	10
1916	10	1923	10
1917	10	1924	10
1918	2½	1925	10
1919	2½	1926	10

Officers and Directors—

J. C. Smith, pres.; Senator J. P. B. Casgrain, Wm. C. Finley, J. E. Hutcheson, vice-pres. and gen. mgr.; Beaudry Leman, G. W. MacDougall, G. H. Montgomery, Howard Murray, Hon. J. L. Perron, Sen. Lorne C. Webster, P. Dubec, sec.-treas.; C. H. Boire, asst. sec.-treas.

Market Record—

Year	High	Low
1913	198½	120
1914	230	190
1915	220	220
1916	200	175
1917	181	165
1918	150	150
1919	160	114¾
1920	155	125
1921	151	105
1922	172	142
1923	159	140
1924	179	148
1925	187½	160
1926	190	159

Nova Scotia Tramways

Company Appears to be Steadily Bettering Its Position

Earnings of the Nova Scotia Tramways & Power Co. are exhibiting a steady upward trend. While the post-war depression conditions which prevailed in Halifax were more exaggerated than elsewhere in Canada, the company seems to be working towards a position when some consideration might eventually be given the preferred shareholders.

The principal investment interest in this company is confined to its bonds, on which earnings at the present time are in excess of two and a half times the requirements of the second mortgage issue.

The company owns and operates without competition the tramways, lighting, power and gas services in Halifax. Through a subsidiary it controls the light and power business of Dartmouth, situated on the other side of Halifax harbor.

During both 1925 and 1926 the earnings, both gross and net, have been increasing. The franchises under which the company operates are without time limits. Like all other Nova Scotian utilities, the company operates under the jurisdiction of the Public Utility Commission, and is entitled to earn 8 per cent. on the fair value of its property subject to certain deductions for depreciation.

Capitalization—	Authorized	Outstanding
Common	$3,500,000	$2,510,000
Preferred	2,500,000	2,078,800

Funded Debt—

First mortgage, 5% 30-yr. bonds, due 1946	$2,250,000
General mort. bonds, 30-yr., 7%, due 1952	1,468,000

Dividend Record—

3 per cent. paid July, 1917, July, 1918, Jan. and July, 1919, Jan., 1920, and subsequent dividends deferred.

Officers and Directors—

W. H. Covert, K.C., president; Alex. J. McAllister, H. E. Mahon, W. C. Pitfield, vice-pres., J. McG. Stewart, J. C. Mackeen, D. Stairs, W. H. Munro mgr., L. Killam, G. MacGregor Mitchell, C. J. Hayes, secretary; A. W. Wentzell, treasurer.

Profit and Loss—	1923	1924	1925
Gr. earn.	$1,393,980	$1,299,371	$1,344,098
Op. exp. and Taxes	1,076,282	1,022,237	959,370
Net earn. ..	317,698	277,134	384,728
Interest and Amortiz.	218,034	234,482	233,452
Surplus	99,663	42,652	151,276

Dominion Telegraph

The Dominion Telegraph Securities derives its income from the annual rental paid for its lines which are held under lease by the Canadian National Telegraphs. The rental so obtained provides for the interest on the company's bonds.

The lines are leased until 1978, but the lessees have already purchased the lines for delivery at the date of the expiry of the lease. The rentals obtained from the lines in the meantime provide for an annual sinking fund which will assure the payment of the outstanding bonds at their maturity. In addition, the rentals provide sufficient for another sinking fund which, in 1978, will be sufficient to pay $98 on the company's outstanding interest certificates.

The peculiar financing is the result of the increase in the Dominion income tax, for previously the shareholders had obtained 6 per cent. on their stock. A new company was formed which issued bonds in place of the stock and the shareholders obtained bonds for their shares and also the interest certificates.

POWER PROJECTS GROW; 1926 IS ACTIVE YEAR

(Continued from page 18)

dition a block of power has been reserved for the New Brunswick Electric Power Commission.

Power Commission's Work

The New Brunswick Electric Power Commission has built a new concrete dam at Loch Alva in connection with its Musquash development. In connection also with the Musquash system a transmission line was built from Moncton to Shediac and another line of 35 miles is about to be built to Blacks Harbour. The Commission is at present carrying out an investigation of the power site known as Meductic Falls on the St. John River, about forty miles above Fredericton.

The Bathurst Company, Limited, has made investigations on the Nipisiguit river with respect to both power and storage which may ultimately result in the development of some 40,000 h.p. for use in the Company's pulp and paper mills.

In Nova Scotia the Nova Scotia Power Commission has added a unit of 300 h.p. to its Mushamush development and is negotiating with the town of Mahone to take over the town's plant. The Commission is building two new storage dams on the East River Sheet Harbour and is cooperating with the Pictou County Board in the construction of a transmission line from Stellarton to serve the communities of Eureka and Hopewell.

On Mulgrave Brook a small plant of 75 h.p. was put into operation to serve the needs of the town of Mulgrave.

The Digby County Power Board has under construction a hydro-electric plant of 330 h.p. at the upper falls on the Sissiboo river from which a transmission line of 32 miles will deliver power to the towns of Weymouth, Digby and Smith's Cove.

Prospective developments in the province include the Sandy Lake stage of the St. Margaret's Bay development for the Nova Scotia Power Commission to meet the growing load in Halifax; a development on the Medway river by the Commission for the initial supply of about 2,500 h.p. to the Scott Paper Company for a ground wood mill; a development of 3,000 h.p. at Avon River Falls for the Avon River Power Company and a further development on the West branch of the Tusket River to supply the town of Yarmouth.

Investigations have also been made of the power possibilities of the Gaspereaus river which will yield some 9,000 h.p. and the St. Croix River which has a capacity of from 4,000 to 5,000 continuous h.p.

GROWTH OF TELEPHONE INDUSTRY IS ASSURED

(Continued from page 17)

tems number 1,551 and are mainly located on the prairies.

There are 502 systems operated by stock companies, 106 by partnership and 186 private systems. These systems have on their lines a total of some 1,200,000 instruments.

Bell Owns Over Half

Of course, the Bell Telephone Company is the outstanding telephone property in Canada and in any consideration of the telephone industry, as a whole, it is to be remembered that the cost of the property and equipment of the Bell Telephone Company and some of the companies in which it has stock interest, is well in excess of half the total amount invested in telephone property in Canada.

Statistics of Industry

A summary of the telephone statistics of the Dominion as at the close of 1925, the last date for which statistics are available, follow:

Capital stock	$ 65,514,130
Funded debt	108,650,417
Total capital	174,164,547
Cost of property and equipment	210,535,795
Revenue	47,233,617
Operating expenses	35,566,947
Net operating revenue	11,666,670
Salaries and wages	19,106,383
No. of telephone systems	2,495
Pole line mileage	194,455
Wire mileage	3,048,647
Telephones, number	1,144,095
Employees, number	21,831
Telephones per 100 population	12.22
Miles of wire per 100 population	32.56
Miles of wire per telephone	2.84
Miles of wire per mile of pole line	15.7

Montreal Tramways' Profit and Loss

Profit and Loss— To June 30th—	1920	1921	1922	1923	1924	1925
Allow. under contract ..	$2,317,445	$2,355,970	$2,377,418	$2,392,986	$2,358,448	$2,460,552
Other revenue	58,134	55,350	64,061	37,238	90,726	116,388
Gross revenue	$2,375,579	$2,411,329	$2,441,479	$2,430,225	$2,449,174	$2,576,940
Int. on bonds	1,044,169	1,082,418	1,043,100	990,855	994,139	1,283,881
Int. on debs.	850,000	850,313	857,500	874,352	882,500	661,875
Other exp.	28,902	17,541	16,875	16,982	8,982	7,390
Total expenses	$1,923,071	$1,950,272	$1,917,475	$1,882,189	$1,885,621	$1,953,146
Net income	$ 452,508	$ 461,057	$ 524,004	$ 548,033	$ 563,533	$ 623,794
Dividends	290,550	388,994	397,432	399,947	400,000	400,000
Surplus	$ 161,958	$ 72,063	$ 126,572	$ 148,086	$ 163,553	$ 223,794
Previous surplus	1,039,818	941,175	916,709	844,893	592,979	668,753
Total	$1,201,776	$1,013,238	$1,043,281	$ 992,979	$ 756,533	$ 892,547
General reserve	....	....	....	400,000	....	....
Donation	5,000	....	....	....	....	....
Deferred div.	255,601	96,529	198,388	....	....	....
Discarded prop.	....	....	....	....	87,780	....
Surplus	$ 941,175	$ 916,709	$ 844,896	$ 592,979	$ 668,753	$ 892,547
% Earnings on Cap.....	....	11.84	13.12	13.70	14.07	15.57

DAY MAY COME WHEN ALL COAL WILL MAKE GAS

(Continued from page 17)

vantages are equally valuable to all kinds of manufacturing. Our greatest biscuit makers, bread and cake bakers, now use gas in volumes which a few years ago would have been thought sufficient to supply the needs of small towns.

Other food product industries are large consumers—coffee roasting, meat smoking, the hotel and restaurant business, and a host of small bakeries and delicatessen shops.

Demands of Future

The high temperatures required in the metal working trades are more easily and quickly attained and held with gas fuel than by other means. In forging, cutting, annealing, hardening and tempering we have the benefit of the experience of the finest shops of England and the United States where also gas is very largely used. In metal forging a neutral flame can easily be maintained and the attention of the operator reduced to a minimum. Three-quarters of all the heat treatment of metals used in the manufacture of automobiles is done with gas.

Such examples as this show why the study of hidden fuel costs is so important and must be considered by every manufacturer if his heating operations are to show real overall efficiency.

The tremendous volumes of heat required will in the near future be supplied largely through the agency of the gas plant. The time is coming when the gas plant will be a factor in our civilization of more than city-wide importance. Already potential to say that pipe line delivery of fuel will play no inconsiderable part in the higher civilization of the future.

Co-operation between producers of manufactured gas, the makers of appliances for its use and the consumers of fuel is resulting in greatly improved methods of utilization; this is having the inevitable effect of continually widening the sphere of usefulness of the fuel.

As Transport Improves

It is generally conceded that improved transportation facilities have made possible better cities and better citizens. The electric transmission of power is another great factor in our progress. There remains the problem of fuel for heating, and when this fuel flows through pipes instead of being inefficiently transported and retransported in solid form, industry enters upon a new era.

Proof of the general realization of this is carried in the fact that during the past decade the use of gas for industrial purposes has increased tenfold.

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EIGHT WEEKS OF 1927 ARE IN THE BACKGROUND

HOW MANY TIMES COULD YOU HAVE USED THE 1927 FINANCIAL POST SURVEY?

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III. ANALYSIS OF INDUSTRIES
IV. INTERNATIONAL TRADE
V. COMMODITY PRICES
VI. CANADIAN BANKING
VII. PUBLIC FINANCE
VIII. INSURANCE, TRUST AND LOAN
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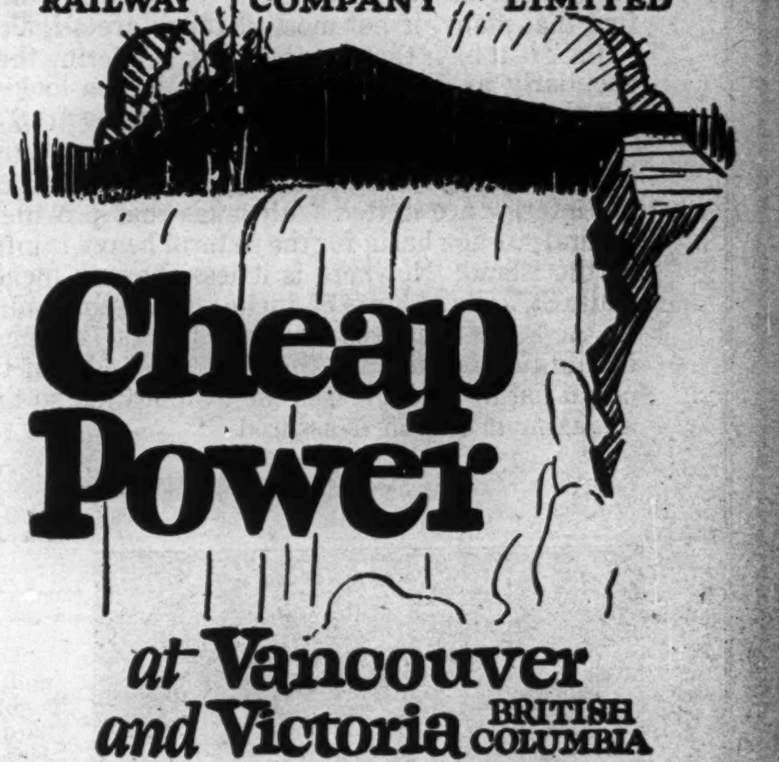


at Vancouver and Victoria BRITISH COLUMBIA

THE eyes of the world are on Vancouver and Victoria, gateways for the occident to the orient and the Pacific.

The British Columbia Electric Railway Company serves these cities and vicinity with electric light and power, gas and electric transportation.

Extremely low power rates are available for manufacturers and special rates for gas for manufacturers are offered. The company's 156 miles of interurban railway lines make available thousands of industrial sites with trackage connecting with all steam railways.

BRITISH COLUMBIA ELECTRIC RAILWAY COMPANY Ltd.

Limitless Power Resources Give Promise of a Great Future

Already the Pulp and Paper Development Gives Newfoundland an Outstanding Position in This Industry—Similar Opportunities are Offering in Other Industries.

Water Power Available Everywhere

THE unique geological character of the island of Newfoundland has been largely responsible for the widespread character of one of its greatest natural resources. There is scarcely a section of the country that is not provided with ample and readily available water power resources. The highlands of the interior form a natural watershed that distributes the streams to every coast, and because of the almost uniform rock formation that erodes slowly, under the influence of these rivers and streams. Because of this, in most instances these waterways find their way to the sea through steep and narrow beds, offering the ideal conditions for power development.

Virtually every watercourse on the island has at least one or two power sites, and it is a notable fact that many, if not most of them, are adjacent to the great bays that dot the coast, rendering them peculiarly available for industry that is looking for a world-wide market by water-borne freight.

It is an established fact, too, that these latent power resources are permanent. The highlands of the interior are dotted with lakes that provide a natural storage basin for the natural heavy rainfall on the island. Nowhere is it less than 40 inches, while St. John's shows 55 inches, with some points on the south coast reaching as high as 72 inches. In addition to this fact, the close proximity of the ocean naturally decreases the evaporation so that a maximum run-off is assured.

Large Opportunities for Industrial and Commercial Development

IT IS not difficult to appreciate the advantages offered to commerce and industry by the combined factors of cheap power and accessible markets. It has been marked by the progress of the pulp and paper industry. The factors that apply to this great industry obviously apply with equal force to other undertakings. There is a wide home market to be considered for any product used in Newfoundland, for the country is a consistent and heavy importer of manufactured products. But beyond that it has the inestimable advantage of being nearer to the British Isles and Europe than any other point in the continent. It is closely adjacent to the eastern provinces of Canada and the United States, while the St. Lawrence River, that opens at its door, gives access to the central regions of Canada.

There is a wealth of raw materials in the island — minerals, coal and iron. Its forest resources are virtually inexhaustible and varied in character, so that any manufacturing need might be met. The fisheries resources are the greatest in the world, and after 400 years of intensive fishing there has been no diminution of the supply so they may well be deemed inexhaustible. There is ample opportunity here for the development of other canning and preserving industries, fish oil and fertilizer industries.

But apart from these advantages immediately at hand, the same factors that make for economic distribution of finished products makes it possible to bring raw materials to this center for fabrication and distribution.

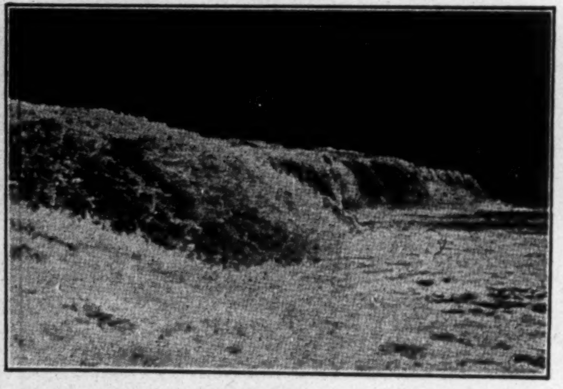
Has Made Possible the Pulp and Paper Industry

THE marvellous development of this great industry that has been noted in the past few years is undoubtedly due to the happy conjunction of large stands of pulp timber and ample power facilities.

The major developments of electric power have, naturally, come at the instigation of these companies, but, while that is undoubtedly true, the abundance and accessibility of this latent power was one of the large determining factors in bringing these industries to the country.

No complete survey of power resources has yet been made because no such need has arisen, the known power sites being ample to meet present or prospective demands for years to come. On the larger river systems, the Exploits, the Gander and the Terra Nova on the north and east, the Humber on the west and the Bay d'Est on the south, where pulp and paper development has focussed attention on them there is approximately 500,000 available horse power. This represents only the better known streams, and beyond this there are immense potential power resources.

There is ample opening yet for other pulp and paper industries, with raw materials to meet every need, and with power sites in the immediate vicinity, while it is obvious that Newfoundland's location in relation to the great paper using sections of the United States and Great Britain and the Continent is second to none.



Virtually every river provides latent power sites.

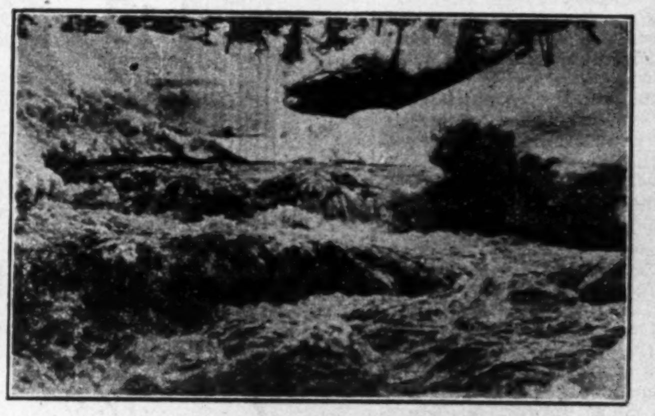
A Pleasant Trip to a Land of Enchantment

To anyone who is even remotely interested in the development of industry in Newfoundland, a trip would open up a new vista of pleasure and profit. Newfoundland may be reached by direct steamer from Liverpool and Boston and from New York and Halifax, while there is a direct service from North Sydney, augmented in the summer months by steamer connection with Montreal. All these services are of that high grade that makes travelling a pleasure.

A Haunt for Tourist and Sportsman

Newfoundland offers to the tourist a new vacation land, off the beaten track of travel, where any type of entertainment can be found from the most modern hotel to the real, unspoiled wilderness camp. The majestic beauty of the rugged coasts is only matched by the exquisite loveliness of its river valleys.

Here, too, is a veritable paradise for the sportsman. The whole center of the island is one immense game preserve, and sport, both fishing and shooting, is to be found almost everywhere.



An illustration of the abundant water power available.

NEWFOUNDLAND and LABRADOR

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ST. JOHN'S, NEWFOUNDLAND

Consumers' Gas Co.

Company is One of Outstanding Utilities of Canada, Well Managed and Financed, With Business Growing Despite Competition of Electricity

Consumers' Gas Co., of Toronto, is one of the outstanding, successful, public utilities. Under the company's franchise, the dividends are 10 per cent. per year on the par value of $100 per share. The stock is so well regarded by the investment public that the yield usually is less than 6 per cent. From time to time, however, the shareholders are accorded the privilege of subscribing to additional issues of stock as the company requires further capital. A little more than a year ago the shareholders were sold new stock for $150 a share, which was considerably under the market price, although this price netted the company $50 per share premium.

Under the company's contract with the city of Toronto, the special surplus account is used for reducing the price of gas from time to time. At present there is a suit pending between the city and the company, brought by the city with a view to segregating in the special surplus account for the reduction of the price of gas to consumers the money acquired by the company as premium in the sale of capital stock. It is probable that this case will be carried to the highest court. The company, on advice of counsel, is holding to the contention that use of the surplus for the reduction in the price of gas to consumers would be an unjustifiable impairment of the capital resources of the company, and in any event would not be beneficial to consumers.

Progress is Substantial

This question is not likely to be decided for some time to come, but no matter which way the court decides, the result hardly can be detrimental to the shareholders in the company.

It is noteworthy that Consumers' Gas Company has made material progress in Toronto and environs, although the city and district has been the principal centre of growth for the publicly-owned Ontario Hydro-Electric System, which competes directly with the gas company. While virtually all new homes built are wired for electric lighting and for certain other services to which electricity lends itself, the progress of the gas company continues to be substantial, as is revealed by the annual report. This is due, of course, primarily to the advantages in the use of gas for many domestic and industrial purposes, but of hardly secondary importance is the fact that the Consumers' Gas Company has been efficiently managed in this trying period. The plant and equipment have been maintained at the peak of efficiency, and the service rendered consumers is first class at all times.

Consumers' Gas Company, of Toronto, compares favorably with gas companies serving the metropolitan communities in Great Britain, where gas development has reached its highest point, and it is confidently asserted that no gas company in North America serves its consumers so well, is so efficiently managed, or is so stable an investment for its shareholders.

The present capitalization of Consumers' Gas Company, of Toronto, is $12,000,000. The reserve fund authorized under the act of 1887 is $1,000,000, and in the special fund, the subject of the dispute between the city and the company, representing premium on capital stock, amounts to $5,496,062. The special surplus account to be applied to the reduction in the price of gas when it grows another $50,000 or $60,000, now amounts to $232,514. The real estate, plant and equipment is now valued at $16,695,369. Other investments amount to $2.740.892. The total assets thus are $20,795,535.

Gas Sales Increase

The annual report of the company for the year ended September 30, 1926, showed that gas sales, which dropped in 1925, as compared with 1924, had reached the new high figure of $5,300,015. The gross earnings for the year ended last September 30th were $6.999,399. The net earnings were $1,811,482.

There continued to be gains in the number of meters installed. The total is now 152,000, as compared with 147,102, on September 30, 1925. The growth in the number of meters installed is an indication of the growth of the company. In 1885 there were 6,778 gas consumers. In 1910 this number had grown to 65,349. In 1925 the number was 147,102 and in 1926 the number was 152,000. Electricity entered the field in 1910, when there were 20,000 electric consumers in the territory served by Consumers' Gas Company. This number had grown to 141,000 in 1925. In 1885 the annual consumption per capita of cubic feet of gas was 1,873; in 1910 the average was 6,000; in 1925 the average was 8,766.

The company has made substantial progress in improving the physical properties during the last fiscal year. The reconstruction of the coal gas manufacturing plant at Station A was completed early in the year, and the Glover-West vertical retorts were put into operation on January 27, 1926. The results anticipated by the company from this plant have been fully realized. The capital expenditure was large, but the economies resulting from its operation have amply justified the installation of this particular type of gas making plant. At Station A, a new gas holder, having a capacity of 4,000,000 cubic feet was constructed. Four new purifying boxes having a daily capacity of 4,000 cubic feet, have been built for the oil gas plant at Station A, replacing four old boxes which had been in continuous service since 1899. A new condenser and an exhauster house are being built at Station B to accommodate the equipment necessary for the semi-high pressure system of distribution, and to provide for future extensions there. Many miles of new mains have been built.

There are now 2,900 stockholders in Consumers' Gas Company.

Capitalization—

	Authorized	Outstanding
Common	12,000,000	$12,000,000

Issues of Capital Stock

Date sold	Amount	Aver. price realized
Previous to 1887	$1,000,000	$100.00
July	200,000	180.32
July, 1889	125,000	176.60
August, 1889	175,000	175.10
April, 1891	100,000	168.25
October, 1893	100,000	183.04
October, 1900	50,000	215.47½
May 28, 1903	50,000	209.15
November 4, 1903	100,000	192.86
June 29, 1904	100,000	200.00
Dec. 6, 1904	250,000	210.00
April 3, 1906	250,000	200.75
June 6, 1907	300,000	190.66
Dec. 12, 1907	450,000	180.44
Jan. 19, 1909	250,000	203.91
April 4, 1910	500,000	199.99
April 18, 1911	384,500	192.64
June 26, 1913	340,500	166.84
Dec. 15, 1913	157,000	161.95
Allotted May 21, 1917	478,700	at 150.00
Sold by tender Jan. 5, 1921	639,300	758.983
Allotted Feb. 3, 1923	2,000,000	at 135.00
Allotted Feb. 3, 1925	2,000,000	at 140.00
July 15, 1926	2,000,000	at 150.00
	$12,000,000	

Funded Debt—
None.

Dividend Record—
1848 to 1857, 10 per cent.; 1858 to 1873, 8 per cent.; 1874 to date, 10 per cent.

Shareholders—

Year	No. of shrhldrs.	Shares of $100 par	Average holdg. per shrhldr.
1873	219	6,000	27.4
1883	317	10,000	31.5
1893	489	16,000	32.7
1903	664	18,000	27.1
1913	1,599	47,250	29.5
1923	2,437	80,000	32.6
1925	2,751	100,000	36.3
1926	2,900	120,000	41.3

Market Record—

	High	Low
1912	196	189
1913	191	165
1914	180	169
1915	185	176
1916	176	160
1917	165½	147
1918	153	144½
1919	152	138
1920	150	125
1921	x75	x65
1922	q160	x72
1923	163	150½
1924	170½	159
1925	177	164
1926	183⅞	170

xQuotation "Dollars per share" instead of "percentage."
qNew stock of $100 par.

Earnings Growth—
The table of gross and net earnings in a period of years follows:

Year	Gross	Net
1926	$6,999,399	$1,811,482
1925	6,623,340	1,550,924
1924	6,615,044	1,402,540
1923	6,883,353	1,384,704
1922	6,813,939	1,478,274
1921	7,214,881	1,540,932
1920	6,426,896	1,240,274
1919	5,506,215	965,917
1918	5,095,006	776,665
1917	4,296,349	953,306
1916	3,637,805	919,576
1915	3,440,008	865,380
1914	3,577,982	944,949
1913	3,203,310	841,981
1912	2,464,368	718,134
1911	2,214,873	697,006
1910	2,070,691	754,760
1909	1,737,000	604,083
1908	1,587,362	556,822
1907	1,363,400	455,360
1906	1,241,830	500,952
1905	1,095,650	412,259

Officers and Directors—
A. W. Austin, president; A. R. Auld, A. H. Campbell, Lt.-Col. J. F. Michie, F. Le M. Grasett, M.D., Vice-president; L. Goldman, W. Mulock, K.C., Mayor of Toronto, F. G. Osler, T. H. Wood, Arthur Hewitt, general manager; John J. Armstrong, secretary.

Profit and Loss—	1921 $	1922 $	1923 $	1924 $	1925 $	1926 $
Gross income	7,214,882	6,813,940	6,883,353	6,615,044	6,623,340	6,999,399
Oper. exp.	5,673,949	5,335,666	5,498,649	5,212,504	5,072,421	5,187,916
Net income	1,540,933	1,478,274	1,384,704	1,402,540	1,550,924	1,811,483
Other income	....	....	....	40,290	32,209	57,273
	1,540,933	1,478,274	1,384,704	1,442,830	1,583,133	1,868,756
Special surplus	....	....	....	....	226,030	203,707
	1,540,933	1,478,274	1,384,704	1,442,830	1,809,163	2,072,463
Interest	63,022	51,516	8,586	....	....	....
Plant renewal	543,584	565,539	591,002	634,235	710,280	790,599
Dividends	581,338	600,000	689,258	798,740	895,176	1,049,348
Surplus	352,989	261,218	95,862	9,855	203,707	232,515
	1,540,933	1,472,274	1,384,704	1,442,830	1,809,163	2,072,463
Rate, % earned	*25.42	*23.78	*19.96	*18.06	9.75	*17.80

*Including interest earned, but before deducting plant renewal fund.

Gatineau Power

First Generator Has Started — Immense Development Programme Under Way

The Gatineau Power Co. has already installed one turbine generator unit at its new plant on the Gatineau river. The company is a wholly owned subsidiary of the International Paper Co. and owns outright or holds through long term government leasehold, water power sites in the province of Quebec with an aggregate potential capacity in excess of 700,000 horsepower.

The company is now undertaking a development program which calls for completion by the autumn of 1928 of four hydro-electric plants with an initial aggregate installed capacity of 397,500 horsepower, of which 373,500 horsepower is on the Gatineau river. The remaining 24,000 horsepower on the Ottawa river has already been installed and is supplying power to the parent company's Kipawa sulphite mill.

The company intends to complete four plants on the Gatineau River. These are located at Chelsea, Farmers, Paugan and Maniwaki. Work on the first two plants is now being rushed and will be completed shortly up to their initial capacities of 131,000 and 92.000 horsepower respectively. Construction work on the Paugan plant has begun; it will be in operation with an installed capacity of 150,000 horsepower by the close of 1928. No definite date for the commencement of construction at the Maniwaki site has been decided on.

Financed Very Recently

In the middle of 1926 the company issued bonds and debentures to take care of its financing requirements, The two predominant power contracts which the company holds are with its parent company and with the Hydro-Electric Power Commission of Ontario. The parent company has entered into a 30-year contract for the purchase of a minimum of 74,000 horsepower per annum, to be used at its Gatineau newsprint mill and at its Kipawa pulp mill. The Hydro-Electric Commission is to purchase its 80,000 horsepower during the year beginning October 1, 1928; this amount will be increased annually, thereafter, until the maximum of 260,000 horse power is being purchased by the Commission, at the close of 1931. The contract with the Hydro-Electric Commission is for a 30-year period.

Of the primary power available for sale from the initial installation of the company's four plants, over 90 per cent. has already been disposed of under long term contracts, most of which is in comparatively small blocks, that is, small as compared with the large contracts with the parent company and with the Ontario Hydro-Electric.

When the four power plants of the company at Kipawa, Chelsea, Farmers and Paugan are all in operation and delivering 260,000 horsepower to the Ontario Hydro-Electric Commission, it is estimated that net earnings of the company available for interest and reserves will exceed $5,400,000 per annum, over twice the combined annual interest requirements on the company's bonds and debentures. Both the preferred and common shares of the company are owned entirely by the International Paper.

Capitalization—

	Outstanding
Common	*500,000 shs. (no par value)
Preferred	*$25,000,000 6% cum.

*All owned by International Paper Co., except directors' qualifying shares.

Funded Debt—

6% Sinking Fund gold debentures, due 1941	$12,500,000
1st Mortgage gold bonds, 5% series, due 1956	37,500,000

West Kootenay

Is in Excellent Position and is Expanding — Earnings Are Increasing

The West Kootenay Power & Light Co. is increasing its power developments in British Columbia, where it supplies energy to various mines and smelters and also supplies light and power to the fruit districts of the Okanagan Valley. The company is a subsidiary of the successful Consolidated Mining & Smelting Co., which owns all the common stock.

The investment interest in the property is entirely confined to the bonds which are well secured both by the assets and by the annual earnings, which are far above the bond interest requirements.

Capitalization—

	Authorized	Outstanding
Common	$5,000,000	$3,812,000
Preferred 7%	500,000	500,000
Funded Debt—		
First mortgage, 6%, due 1940	$1,500,000	$1,012,266
General mortgage, sinking fund gold, 6%, due 1943		1,698,500
Cascade Water, Power & Light Co. bonds, 4½%, due 1940		169,000

Dividend Record—
Preferred dividends have been regularly paid. Dividends at the rate of 2½% per annum paid on common from Dec., 1903, to Sept., 1912; Dec., 1912, to Sept., 1913, 4% per annum; years 1914 to 1916 inclusive, 5% per annum; 1917, 7½%; 1918, 8%; 1919, 8%; 1920, 8%; 1921, 8%; 1922, Jan. and April, 2% each, passed July, 1922 and since.

Officers and Directors—
C. R. Hosmer, president; L. A. Campbell, vice-president and general manager; J. J. Warren, managing director; W. R. Baker, C.V.O., G. F. Benson, E. Hanson, Rt.-Hon. Lord Shaughnessy, F. E. McNally, sec.-treas.

Profit and Loss—

	1923	1924	1925
Gross	$690,574	$683,516	$1,041,125
Expenses	211,839	241,619	344,772
Balance	$478,735	$441,897	$696,353
Bond int.	88,334	106,768	172,751
Balance	$390,401	$335,129	$523,602
Depreciation	284,264	232,665	264,863
Balance	$106,136	$102,474	$158,739
Written off	$ 30,514	$ 199	$ 311
Sinking fund	37,984	69,378	95,854
Balance	$ 37,637	$ 32,897	$ 62,574
Other int.	.....	.....	23,206
Balance	$ 37,637	$ 32,897	$ 39,368
Dividends	*35,000	*35,000	35,000
Balance	$ 2,637	$ †2,103	$ 4,368
Tax adjust.	.....	2,170	870
Surplus	$ 2,637	$ 67	$ 5,238
Prev. bal.	8,672	11,309	11,374
P. & L. bal.	$ 11,309	$ 11,376	$ 16,612

*Preferred only.
†Deficit.

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Ottawa Power

Has a Publicly Owned Competitor, But Low Point of Earning Power Has Been Passed Successfully — Trend of Earnings Upward

The principal reason why the shares of the Ottawa Light, Heat and Power Co. have not kept step on the market with securities of similar companies lies in the competition which Ottawa "Power" has experienced with the local publicly-owned hydro-electric enterprise. Competition in public utility service is always uneconomic and costly, for the erection of two transmission lines, when one would meet all the requirements, brings results which are obvious.

However, Ottawa "Power" has been able to obtain practically 75 per cent. of the competitive electric power business in the city and its environs. Furthermore, the low point of its earnings applicable to the common shares seems to have been reached some years ago and the general trend of the company's earning power seems upward.

Ottawa "Power" supplies electricity and gas service to the city of Ottawa and the surrounding territory through two subsidiaries, the Ottawa Electric Co. and the Ottawa Gas Co.; the parent organization owns all the stock in these subsidiaries and the consolidated returns of the year's operation are shown in the balance sheet of the Ottawa "Power."

Property Well Maintained

The company's competitor in the electric business owns no electric developments, but purchases its power requirements wholesale and then retails its energy.

The company's property is well maintained and is in such condition that it is more than able to keep pace with the growing demand of the city. It owns and operates three power plants with an aggregate installed capacity of 13,000 horsepower, and a reserve steam plant of 6,500 horsepower installed capacity which takes care of peak loads. These plants are located at Chaudiere Falls on the Ottawa River in the heart of the city of Ottawa. The location of the plants is a point of importance, for with the gradual utilization of those power sites adjacent to the city, the value of two power sites situated so close to the demand can hardly fail but appreciate.

In addition to the company's own supply of power, it purchases under contract a minimum of 3,000 horsepower from the Ottawa River Power Co. The contract with the other company dates from the beginning of 1924 and provides Ottawa "Power" with a sufficient quantity of energy at a favorable price. This source of supply of power is sufficient to take care of the expansion in the company's business for some time to come. The customers number more than 20,000 and include the Dominion government and the Canadian National Railways. The gas plant has a daily capacity of about 2,500,000 cubic feet of gas which is distributed to more than 17,000 purchasers.

6 Per Cent. Since 1915

The preferred stock dividends have been maintained without interruption since its inception in 1909, whilst the rate on the common stock has been 6 per cent. since 1915. Prior to that date, the common dividends varied, being not less than 6¾ per cent. or higher than 10 per cent. The high for the stock was 192 in 1913. From this point it dropped to 60 in 1921, and since that date has been making a gradual recovery and now stands between $95 and $100 per share. The shareholders in the company have a very real equity in the property for the stock outstanding totals $5,000,000 whilst the bonds outstanding amount but to some $2,000,000.

The company operates under capable management and annually presents to shareholders a balance sheet which not only shows a strong working capital position but which reveals reserves equal to almost one-third of the fixed assets.

Capitalization—

	Authorized	Outstanding
Common	$5,000,000	$3,500,000
Preferred 6½%	....	1,500,000
Funded Debt—		
Ottawa L. H. & P. 6%, 1953		$ 650,000
Ottawa Electric 5%, 1933		625,000
Ottawa Gas Co. 5%, 1934		150,000
Ottawa Gas Co. 6%, 1939		762,540
Total bonds outstanding		$2,187,540

Dividend Record—

Year		Year	
1908	5%	1918	6%
1909	5	1919	6
1910	6+2	1920	6
1911	7+1	1921	6
1912	7+1	1922	6
1913	8+2	1923	6
1914	8	1924	6
1915	7½	1925	6
1916	6	1926	6
1917	6		

On pref. 6½ per cent. per annum. First quarterly dividend paid Oct. 1, 1924.

Officers and Directors—

Thos. Ahearn, president; F. E. Bronson, vice-president; A. A. Dion, general manager; H. H. Horsey, W. Lyle Reid, T. Workman, W. C. Pitfield, Abner Kingman, Geo. F. Henderson, K.C., T. F. Ahearn, D. R. Street, sec.-treasurer.

Market Record—Common—

Year	High	Low
1913	192	143
1914	172	123
1915	123	120
1916	120	92
1917	95	69¾
1918	86	69
1919	87	75
1920	81	70
1921	72½	60
1922	96	70
1923	92½	79½
1924	100	81
1925	105	95½
1926	100¼	92
Preferred—		
1924	104	98¾
1925	103½	100
1926	105½	100

Profit and Loss—	1920 $	1921 $	1922 $	1923 $	1924 $	1925 $
Gross revenue	1,459,308	1,652,051	1,685,381	1,718,403	1,720,841	1,787,182
Expenses	1,068,888	1,108,673	1,140,847	1,171,680	1,060,856	1,092,550
Taxes	....	....	....	....	104,334	112,085
Net revenue	390,420	543,378	544,534	546,722	555,650	582,547
Bond interest	129,792	185,980	189,935	174,159	120,852	128,750
Other interest	31,928	37,136	30,172	32,840	4,575	7,776
Net profits	228,699	320,261	324,428	339,723	430,223	446,021
Previous surplus	123,983	128,089	221,830	225,663	146,796	141,795
	352,682	448,350	546,258	565,386	577,019	587,816
Dividends	210,000	210,000	210,000	229,772	307,500	307,500
Bad debts	14,593	16,520	16,854	....	....	....
Depreciation	....	....	93,741	97,574	109,951	104,950
Income tax	....	....	....	25,580	17,771	33,237
Tax adjustment	....	....	....	65,664	....	....
Profit and Loss balance	128,089	221,830	225,663	146,796	141,797	142,129

Duluth-Superior

Higher Fare Effective Last October is Hoped to Bring Adequate Return

The Duluth Superior Traction Co., which serves Duluth, Minn., Superior, Wis., and environs, is another of those utility companies which reasonably can expect better times now that conditions in the Northwestern United States are improving, and with a more reasonable attitude on the part of the governing bodies as well as a reduction in the price of materials and supplies which the company must buy in order to maintain its physical property efficiently.

The railway operating revenues for the fiscal year 1926 were slightly less than those for 1925, but were a distinct improvement over 1924. The street railway fare increase became effective October 15, and the earnings for the last ten weeks of the calendar year were somewhat better. This leads to the hope that the new fare over a reasonable period will demonstrate its ability to earn a fair return on the investment. The company, unfortunately, is the object of attacks in both the state and federal courts by the civic authorities, but there is reason to hope that the judgment of the courts will be favorable to the company, at least to the extent of preventing impairment of capital.

This company also is adding to its revenue by bus services to supplement existing traction lines. In the year ended it added 2.63 miles of street railway track, a park line in Duluth.

The company in better times built up reserves which have enabled it to get over lean periods without serious impairment of capital. Its funded debt is moderate in comparison to the total investment, and $28,000 par value of general mortgage bonds were retired in the calendar year in accordance with the sinking fund provision. No new bonds, or other funded debt, was added during the year, although there was a capital expenditure of $116,000, of which $59,765 was for track paving and $30,454 for buses.

Capitalization—

	Authorized	Outstanding
Pref. 4% cum.	$1,500,000	$1,500,000
Common	3,500,000	3,500,300
Funded Debt—		
Bonds, Duluth Ry. 5% first mortgage due 1930.	2,500,000	2,500,000
Bonds, 5% general mortgage due 1930	2,500,000	884,000

Dividend Record—

1911	4	5
1912	4	5
1913	4	4¼
1914	4	4
1915	4	1
1916	4	.
1917	4	2
1918	4	3
1919	4	.
1920	4	.
1921	1	.
1922	5	.
1923	5	.
1924	3	1
1925	4	.
1926	4	.

Officers and Directors—

A. E. Ames, chairman; A. M. Robertson, president; L. B. Zacher, L. Mendenhall, Horace Lowry, F. H. Deacon, H. F. Salyards, C. R. Fridley, H. Warren, vice-president and general manager, S. L. Reichert, secretary-treasurer, W. P. Dwyer, auditor.

Market Record—

Year	Common High	Common Low
1912	80½	70
1913	74	55
1914	67	59¾
1915	..	..
1916	49	37
1917	51	40
1918	42	41
1919	32½	27⅞
1920	28	12
1921	26	12¾
1922	30	16
1923	44	28½
1924	38¼	19
1925	42	28½
1926	33¼	25

	1924	1925	1926
Net income	$ 42,004	$ 83,861	$ 60,797
Misc. cred.	6,126	15,250	3,065
	48,130	99,111	63,862
Pref. div.	45,000	89,038	84,987
Sundry items	....	2,095	2,146
	45,000	91,133	87,133
Surplus	3,130	7,978	23,271
Prev. surp.	654,703	657,833	665,811
	657,833	665,811	642,540
Add to prop.	198,958	215,454	193,739
F. dt. retired	282,866	307,194	332,501
S. F. res.	15,964	16,625	15,725
	497,788	539,273	541,965
Unappropriated	160,045	126,538	100,575

Canadian Light & Power

The Canadian Light & Power Company went through a reorganization some time ago, and its mortgage indebtedness was reduced. The company is a subsidiary of the United Securities which, in turn, is controlled by Montreal "Power" and Shawinigan.

It holds a contract with a subsidiary of Montreal "Power" to supply not less than 15,000 and not more than 20,000 horsepower at $20 per horsepower, which lasts until 1949. Since the property was acquired by its new owners a few years ago, it has been improved and the output increased. It is said that earnings at present are running in the neighborhood of twice the bond interest requirements. There is some investment interest in the common stock. The position of the company will improve as time goes on.

Capitalization—

	Authorized	Outstanding
Stock Shares $100 each.	$3,325,000	$3,324,800
Funded Debt—		
First gold bonds, 5 per cent, due 1949		$3,299,700

Officers and Directors—

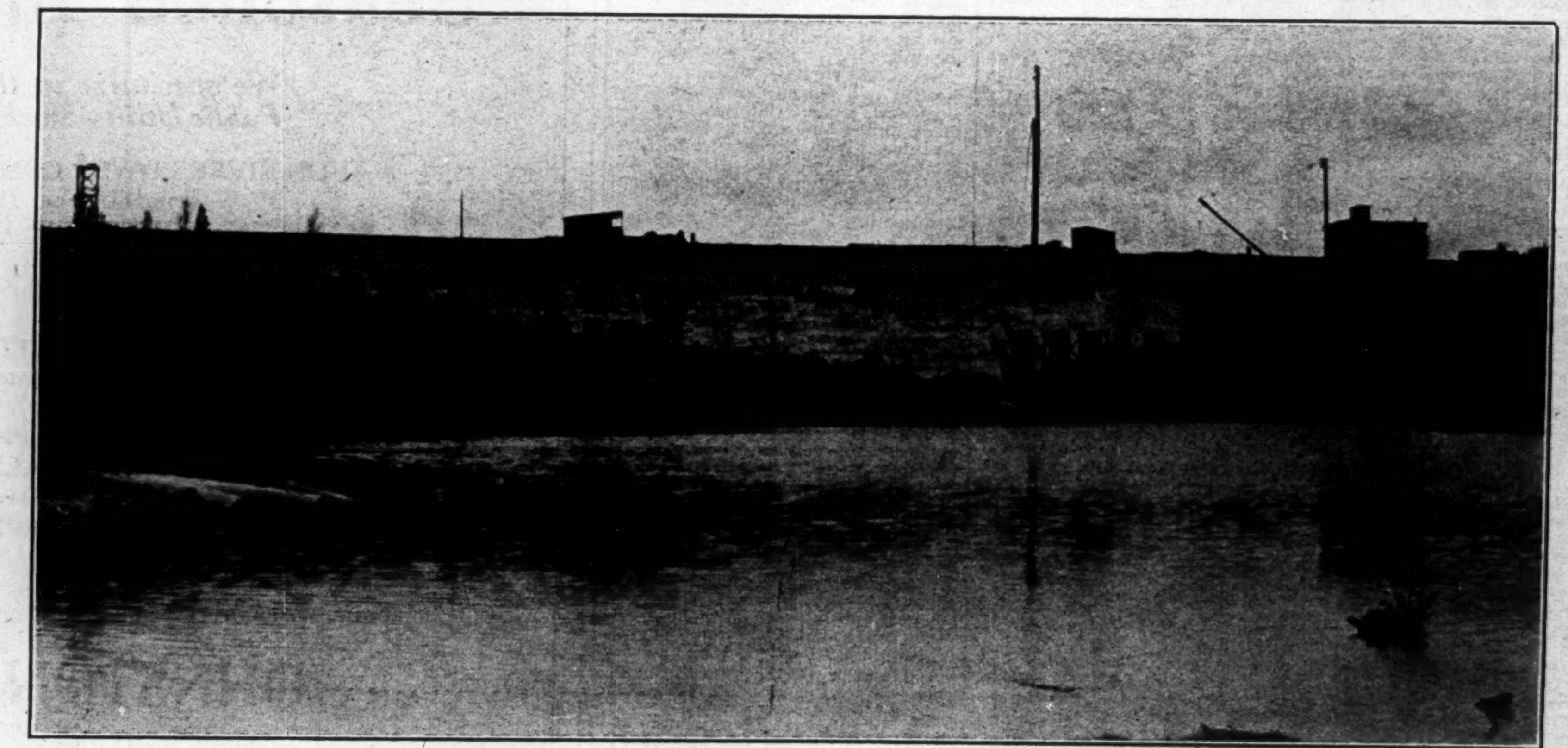
J. C. Smith, pres.; J. S. Norris, vice-pres.; C. S. Bagg, W. C. Finley, G. W. MacDougall, K.C.; G. H. Montgomery, K.C.; H. Murray, J. L. Perron, L. C. Webster, J. Wilson, sec.-treas.; H. H. Haydon.

Market Record—

	High	Low
May, 1921	98½	98¼
Jan., 1924	75½	75½
Mar., 1924	76	76
Year 1925	58	40

GAS BEFORE WATER

The Ottawa Gas Company is one of Ottawa's oldest public utilities. Organized in 1854 under the name of the Bytown Consumers' Gas Company, it was supplying gas for lighting twenty years before the start of a civic waterworks system.



Castor Dam—Lake Baskatong Storage Reservoir—Gatineau River, P.Q.
Quebec Streams Commission *O. LEFEBVRE, Chief Engineer.*

A wide experience in solving Engineering and Construction Problems

MANY of the most important power and industrial developments in Canada have been engineered and constructed by this organization. To each problem has been brought the experience gained throughout many years in the construction of dams, power houses, etc.

The illustration above shows part of the development of the Canadian International Paper Company on the Gatineau River, where they will generate close to 400,000 horse power.

To make this possible, the Lake Baskatong Storage Reservoir is being constructed 120 miles up the Gatineau River to impound EIGHTY-TWO BILLION CUBIC FEET of water. Castor Dam is a concrete structure; and is one of ten dams necessary to complete the reservoir.

All materials for this work had to be transported 35 miles through the woods from the rail head at Maniwaki, P.Q.—one of the largest hauling problems ever attempted on this Continent.

The practical and technical knowledge of this organization is at the service of public utility companies who contemplate new construction work, whether initial installations or addition to their present facilities.

THE FOUNDATION COMPANY

Pulp and Paper Mills
Industrial Plants
Railroad Terminals
Foundations and Underpinning

OF CANADA
LIMITED
MONTREAL

Hydro-Electric Developments
Transmission Lines
River and Harbour Developments
Bridges and Bridge Piers
Shafts and Tunnels

Dominion Power

Company's New Contract for Street Transportation in Hamilton is Proving Beneficial — Expect Earnings Statement to Show Improvement

It is believed that the report for 1926 of the Dominion Power & Transmission Co., which will be available in April, will show a substantial improvement over 1925, when a reduction of gross earnings was recorded in comparison with 1924. The improvement will be due primarily to the more favorable contract for street railway service which the company has succeeded in negotiating with the city of Hamilton.

The company now also has an exclusive franchise for the supply of electric power to Grimsby, which is a thriving town in the centre of the fruit belt. The company still claims to be at somewhat of a disadvantage in competing with the Hydro-Electric System of Ontario in this territory, but it is noteworthy that the company's average consumption is somewhat higher than the average consumption of customers of the publicly owned utility. This may in some degree offset the fact that the privately owned company pays a considerably larger amount annually in taxes.

The political bickering which was forced on the company, owing to the impossible franchise conditions in Hamilton, has become history, and it is notable that a new and more healthful spirit prevails between the company, the governments of the communities it serves and the public generally. There has been an increase in street car patronage, and the company has accelerated its program for introducing buses beyond the point required in the contract. The public likes the bus service, and the company has found it profitable.

Customers Buy Stock

The customer ownership plan of stock ownership which was instituted in Hamilton and district last fall was highly successful. It is an evidence of the goodwill now prevailing toward the company, and also is a factor in promoting better feeling. Although it was planned to sell to the company only 5,000 shares of 7 per cent. cumulative preferred stock, 8,438 shares were subscribed for in a very short time by 1,886 persons. Only a few of these were former stockholders.

In the last year Dominion Power has begun construction of a fourth transmission line from Decew Falls to Hamilton. It has built extensions to new sub-stations in order more adequately to meet the demands for increased service. More than 500 new customers have been added, and in the first nine months of the year street car patronage increased by 507,478. Twenty-four new trolley cars have been placed in service, as well as the motor buses mentioned in the foregoing.

In accordance with the company's policy of rehabilitating its service and equipment, the power lines in the central portion of Hamilton are being placed underground.

Serves Fruit Belt

Besides the cities of Hamilton and Brantford, the Dominion Power & Transmission Co. serves power users through the fruit belt and in Welland and Port Colborne. It operates three radial lines, including the busy route from Hamilton to Beamsville. There are approximately 200,000 people living in the sixteen communities in the 350 square miles of territory served by the company. The company's own hydro-electric plant at Power Glen (Decew Falls) has a capacity of 50,000 horsepower. The steam plant has a capacity of 26,800 horsepower, and the company buys 10,000 horsepower from the Canadian Niagara Power Co. The total output for 1925 was 260,588,538 kilowatts. The Western Counties Electric Co., Brantford, and Lincoln Electric Light & Power Company, St. Catharines, are subsidiaries.

The funded debt of Dominion Power, as shown by the annual statement as at December 31, 1925, is $8,158,000, which was a reduction of $253,000 from the previous year. In the same period the reserves were increased by $158,879. Total assets of the company on that date were $24,807,354. Some growth of assets will probably be shown in the report for 1926. In other respects, also, the financial position of the company has been improved greatly in the last year.

Profit and Loss—	1920 $	1921 $	1922 $	1923 $	1924 $	1925 $
Gross earn.	3,803,723	3,758,947	3,830,558	4,019,766	3,814,512	3,120,509
Expenses	2,771,876	2,846,287	2,810,924	2,952,143	2,963,779	2,189,069
Net earnings	1,031,847	912,660	1,019,634	1,067,622	850,733	931,440
New York Exchange	68,379	59,186	24,600	....	....	....
Interest	436,280	446,116	442,883	450,875	447,273	429,205
Surplus	527,187	407,357	552,151	616,747	403,460	502,235
Balance forward	1,008,119	940,526	1,071,922	1,098,090	x1,081,413	678,972
	1,535,308	1,347,883	1,624,073	1,714,837	1,484,873	1,181,207
Bad debts	13,799	2,670	2,966	3,302	7,193	1,571
Reserve	....	....	256,884	320,831	352,812	354,058
Dividends	564,059	257,677	258,837	258,837	415,759	296,730
Income tax	85,619	15,613	7,295	22,263	30,136	....
Rate of exchange	30,305	....	....	....	....	....
Bond common	....	....	....	9,937	....	....
Balance	940,526	1,071,922	1,098,090	1,099,666	678,972	528,848

xLess Welland Electrical Co.

Capitalization—

	Authorized	Outstanding
Common	$15,000,000	$7,700,000
Pref. 7% cum.	10,000,000	4,239,000

Funded Debt—

5 per cent. first gold, due annually to 1932, and bonds of subsidiaries outstanding, $8,158,000.

Dividend Record—

	Pref.	Com.
1907	6%	..
1908	3	..
1911	7+3	..
1912	7+3	..
1913	7+6½	..
1914	7	..
1915	7	..
1916	7	4
1917	7	4
1918	7	4
1919	7	4
1920	7	4
1921	7	..
1922	7	..
1923	7	..
1924	7	2
1925	7	..
1926	7	..

Officers and Directors—

W. E. Phin, pres.; Sir John Gibson, Lieut.-Col. J. R. Moodie, J. Dixon, C. A. Birge, J. B. Woodyatt, A. J. Nesbitt, J. Dickenson, J. Moodie, Hon. S. C. Mewburn, C. W. G. Gibson, G. D. Fearman, sec., W. G. Angus, Mgr., power and light, Geo. E. Walker, mgr. of railways.

Quebec Southern Power

Now Serves 43 Communities— Has Exhibited a Substantial Growth Since Its Inception

The Quebec Southern Power Corp. is now serving a total of 43 communities and 4,600 customers. This is an increase of some 300 per cent. since 1924. More than 275 miles of lines are now in operation as well as three hydro-electric plants, situated at Ste. Adele and St. Jerome, on the North River and at Rawdon, on the Oureau River. The corporation serves territories lying north of the Island of Montreal.

The Ste. Adele plant is owned by a wholly owned subsidiary, the Laurentian Hydro-Electric Limited. The investment interest in corporation lies in its issue of bonds and common stock, and also in an issue of bonds of the subsidiary.

The year end balance sheet is not completed yet, but it is said that it will show earnings in excess of bond interest requirements. In addition to its three plants, the corporation owns undeveloped water power sites with a potential capacity of 22,000 horsepower.

During the past year, the Quebec Southern Power purchased the municipally owned plant and distribution system of St. Jerome, P. Q. This municipality is growing and has doubled its population during the past seven years.

Industrial activities seem to be increasing at this point, and the demand for power is growing. Among the industries are the Dominion Rubber Company, which employs over 1,000 hands, the Regent Knitting Mills, the Rolland Paper Company, the United Last Company and the Eagle Lumber Company.

The easterly section of the corporation's system serves Rawdon and other municipalities situated in an excellent agricultural section of Quebec, especially noted for its tobacco. The corporation also serves the Laurentian section of the Canadian Pacific and Canadian National Railways. The management has further extensions in view and before the conclusion of 1927 will probably serve some 50 municipalities.

Capitalization—

	Authorized	Outstanding
Common (No par value).	10,000 shs.	10,000 shs.
Preferred 7% (Par $100).	$ 500,000	$125,000

Funded Debt—

6½% 1st mortgage and collateral trust bonds, due 1945	2,000,000	600,000

Directors—

J. H. Sherrard, Hon. A. David, A. G. Urquhart, J. S. Bock, Major P. L. Browne.

Laurentian Hydro

Capitalization—

	Authorized	Outstanding
Common	$ 125,000	$ 125,000
Preferred (Shares $100 each).	125,000	125,000

Funded Debt—

6½% 1st mortgage refunding bonds, due 1934	1,000,000	500,000

Officers and Directors—

Major P. L. Browne, pres.; A. G. Urquhart, vice-pres.; J. H. Sherrard, T. Jones, J. S. Brock, Hon. A. David, F. B. Brown, O. Hogue, J. E. Savard.

Improvement in Courtenay Financial Position in 1926

Improvement in the financial position of the town of Courtenay, B.C., is shown in the annual report of the treasurer for 1926. Cash receipts on current account are shown at $81,322, against expenditures in the same period of $80,043. The public untilities reported a surplus of $8,457, the electric light department accounting for $9,686 and the water works a deficit of $1,228.

The gross debenture debt at the end of last year was $212,050, against which there was a sinking fund of $28,571. The surplus in sinking fund now amounts to $1,313. In addition, there is a debenture debt of $149,900 for water works and electric light, for which there is set aside a sinking fund of $22,273. The tax rate during 1926 was 25 mills, of which 12 mills were for school purposes.

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IF YOU are considering any change in your power, lighting or gas equipment, adding to your present facilities, or if there is any problem regarding them on which you would like advice, please remember that we may be able to save you from making mistakes that may require changes, if you will give us the opportunity to co-operate with you when the plans are being made.

Expert advice and counsel in planning for power, lighting and gas equipment is offered to those interested, free of cost. Enquiries will receive prompt attention and reply.

As one of the important factors contributing to the rapid growth of Montreal, we particularly invite enquiries from new commercial and industrial enterprises who wish to benefit by the unusual combination of facilities Montreal offers.

Montreal has never been handicapped by a shortage of light, heat or power because our unlimited sources of supply and means of distribution enable us to anticipate new demands.

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Quebec Province and Shawinigan Power

Wield A Magic Wand That Attracts And Beckons Industries

Here we have a combination of suitable sites, unexcelled water and rail transportation, ideal labour conditions, and abundant power at reasonable rates, that is fast bringing the province of Quebec to the forefront as the leading manufacturing centre of this continent.

DURING the past twenty-five years Shawinigan power has been available in increasing quantities year by year, in order that the growing demand for electricity for domestic and municipal service may be adequately met and in order that industry may be able to expand and prosper.

The main source of The Shawinigan Water & Power Company's supply of electrical energy is the St. Maurice River, one of the greatest power rivers on the continent.

The Company has to-day available nearly seven hundred thousand horse power of electrical energy, and is one of the few companies anywhere in a position to offer industry large blocks of power at a low price. Industries requiring smaller quantities of power are assured of a rate that is low by comparison with any other province or state on the continent.

From Oka, on the Ottawa River, where is situated the monastery of the Trappist Fathers, north-easterly to Ste. Anne de Beaupré and on to Murray Bay, on the St. Lawrence, the Company's service extends a distance of three hundred miles, with an average width of twenty-five miles north of the St. Lawrence River.

Crossing the St. Lawrence River by submarine cable at Lanoraie, and by the highest and longest overhead transmission yet built, at Three Rivers, the Company's lines connect with Sorel and district; go south to Sherbrooke, extend easterly to the asbestos district of Thetford Mines and adjacent municipalities, and on into the beautiful Beauce Valley, directly south of Quebec city.

In these territories Shawinigan light and power are distributed through its subsidiary companies or sold wholesale to two hundred and twenty-six different municipalities and many of the great industrial plants of the province.

The policy of The Shawinigan Water & Power Company is to look into the future and provide for power in advance, so that factories, mills and workshops in the territories which the Company serves may be able to run day and night if necessary.

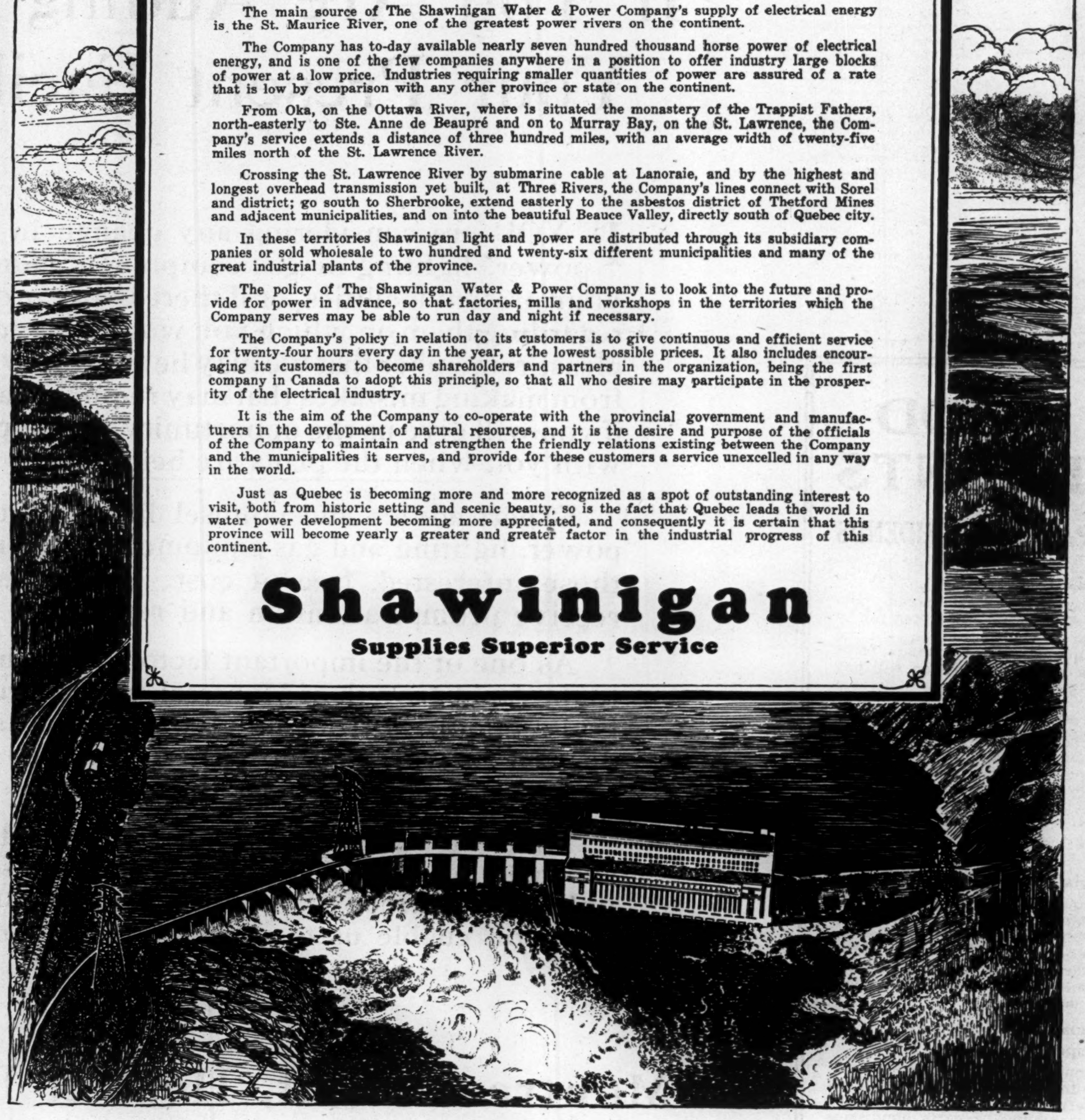
The Company's policy in relation to its customers is to give continuous and efficient service for twenty-four hours every day in the year, at the lowest possible prices. It also includes encouraging its customers to become shareholders and partners in the organization, being the first company in Canada to adopt this principle, so that all who desire may participate in the prosperity of the electrical industry.

It is the aim of the Company to co-operate with the provincial government and manufacturers in the development of natural resources, and it is the desire and purpose of the officials of the Company to maintain and strengthen the friendly relations existing between the Company and the municipalities it serves, and provide for these customers a service unexcelled in any way in the world.

Just as Quebec is becoming more and more recognized as a spot of outstanding interest to visit, both from historic setting and scenic beauty, so is the fact that Quebec leads the world in water power development becoming more appreciated, and consequently it is certain that this province will become yearly a greater and greater factor in the industrial progress of this continent.

Shawinigan

Supplies Superior Service



Winnipeg Electric

Steady Betterment in Manitoba Power's Position Bodes Well for Parent Company — Relations With City on Satisfactory Basis

The Winnipeg Electric Co. completed last December a customer ownership campaign, when 11,000 shares of 7 per cent. preferred stock were sold in a day or two. The earnings of the company are steadily improving. While interim dividends on the common stock of $2 annually are being paid at present, it is thought probable that perhaps by the close of the current year the company will go on a definite dividend basis, perhaps of 2 per cent., or perhaps more.

The company supplies the tramways, gas and electric power service of the city of Winnipeg and its environs. As the city owns and operates its own hydro-electric system, the company is not without competition in its sale of power, but during the past year relations between the company and its civic competitor have been much improved, and the publicly-owned body within recent months closed a contract with the Winnipeg Electric for the supply of a block of power. It is anticipated that for the future, the competition which has worked out badly for both competitors will be carried out on a more reasonable basis.

Future in Power Field

The future of the company seems to lie more in the power field than that of tramways or gas. Because of the strategic location of Winnipeg in the West, and because of the heavy capital investment of the railways in yards for grain cars, the city will probably always maintain its supremacy in the three western provinces. In other words, as the prairies grow, the population of Winnipeg will increase with a resulting increase in the demand for power. Thus, the outlook for this public utility serving the city seems to be satisfactory.

The tramways service is operated under a perpetual franchise which may be revoked at the end of any five-year period. The present five-year period expires this year, and the franchise has been renewed. The tramways service has not proved much of an asset of late years, but earnings from this branch of the company's services are showing satisfactory increases.

Total Power Production

The company owns a 29,000 horsepower hydro-electric plant on the Winnipeg River at Pinawa, and a 12,000 horsepower auxiliary steam plant. In addition, it owns about 63 per cent. of the capital stock of the Manitoba Power Company, which has in operation a plant at Great Falls, on the Winnipeg River, at present developing 84,000 horsepower. By August next, this subsidiary will have installed and operating a further 28,000 horsepower unit.

The output of the Manitoba Power Co. is partly sold under long term contract to the Winnipeg Electric. The increasing demand for power in and around Winnipeg over the past year or two is evidenced by the increase in the number of units placed in operation at the plant of the subsidiary company.

The future of the Winnipeg Electric Co. depends almost entirely on the demand for power in the territory served. Within the last year and a half, the demand for power has increased and has absorbed the company's entire output. The properties are maintained in a high state of efficiency, and with the improving position of the subsidiary the outlook for the parent company is favorable.

Officers and Directors—

A. W. McLimont, president and general manager; S. L. Fuller, N. J. Breen, G. V. Hastings, Hugh Sutherland, A. J. Nesbitt, W. J. Bulman, D. N. Finnie, W. R. Bawlf, vice- pres.; J. S. Mackenzie, treasurer; W. H. Carter, J. B. Woodyatt, L. Palk, sec.

Capitalization—

	Authorized	Outstanding
Common	$11,000,000	$11,000,000
Pref. 7% cum. ...	3,000,000	3,000,000

Funded Debt—

5% refund. stock or bonds	$ 4,380,000
5% refund, mortgage bonds, Winnipeg Elec. St. Rly., due 1927	579,000
5% first refund. mtge. sinking fund gold, due 1935	4,421,000
6% refund mtge., due 1954	7,000,000
Total	$16,380,000

Dividend Record—

Preferred dividends are being paid quarterly.

Common dividends were paid at rate of 8 per cent. per annum up to Jan., 1908; increased to 10 per cent. April, 1908; and to 12 per cent. from July, 1911, until first quarter of 1915, when 2½ per cent. was paid; this rate was maintained until fourth quarter of 1915, when 2 per cent. was paid (making 9½ per cent. for year 1915), dividend then passed until Feb. 1, 1925, when 1 per cent. was paid, 1 per cent. each paid Aug., 1925, Feb. and Aug., 1926.

Stock Ownership—

	Issued	Held by W. E. Co.
Wpg.-Selkirk Rly.	$500,000	$ 490,000
Sub. Rapid Transit	100,000	100,000
Manitoba Power	100,000 shs.	1,655,666
Wpg. River Power	100,900	......

Market Record—

	Common High	Common Low	Preferred High	Preferred Low
1912	269	210	..	..
1913	218¼	187	..	..
1914	205	180	..	..
1915	180	180	..	..
1916	110	90	..	..
1917	81	36	..	..
1918	48	48	..	..
1919	49	34¾	..	..
1920	42	26	..	..
1921	48	30	..	..
1922	46½	30¼	88	79½
1923	42¼	26½	87¼	80
1924	38½	24	87½	74
1925	53⅞	35¼	99	88
1926	64	45¼	104	95

Profit and Loss Record

	1920 $	1921 $	1922 $	1923 $	1924 $	1925 $
Gross earnings	5,233,700	5,418,024	5,395,223	5,280,408	5,128,324	5,211,665
Operating expenses	3,428,897	3,559,380	3,526,715	3,465,893	3,379,497	3,301,904
Net revenue	1,804,803	1,858,644	1,868,508	1,814,515	1,748,827	1,909,761
Other income	76,700	161,406	121,854	127,705	139,186	157,604
Total income	1,881,503	2,020,050	1,990,362	1,942,220	1,888,013	2,067,365
Interest charges	716,215	633,331	643,028	663,480	700,463	872,914
Dis. on secs.	26,787	52,526	16,000	16,205	19,726	26,765
City percentage, etc.	181,249	183,070	175,036	168,193	159,597	154,237
Taxes	127,239	164,314	164,639	162,471	155,512	163,966
Misc. exp.	2,942	3,312	3,783	2,974	3,322	3,031
Other deduct.	30,496	54,532	52,500	58,497	29,033	24,848
Depreciation	201,050	201,050	201,050	201,050	201,050	201,050
	1,285,978	1,292,135	1,256,037	1,272,870	1,268,703	1,446,811
Net income	595,525	727,915	734,325	669,350	619,310	620,554
Pref. dividends	4,444	182,367	210,000	210,000	210,000	210,000
Com. dividends	....	....	....	....	110,000	220,000
Sinking fund	60,000	57,420	56,550	55,320	....	73,100
Depreciation	....	122,606	138,460	156,002	165,000	173,000
Written off	....	....	....	....	279,691	158,955
Surplus	531,081	365,522	329,315	248,028	x 145,381	x 214,501
Previous balance	1,314,420	1,766,052	2,047,790	2,201,176	2,516,513	594,788
	1,845,501	2,131,574	2,377,105	2,549,204	2,371,132	380,287

xDeficit.

Manitoba Power

Company's Business Shows a Marked Improvement—Further Units to Add to Income

Business for the Manitoba Power Co. is steadily improving; the erection of the Manitoba Paper Co.'s plant necessitated the installation of another 28,000 horsepower unit at the power company's plant. Recently, a contract with the Central Manitoba Mine was closed also. The company has a contract with the Winnipeg Hydro Electric for delivery of 10,000 horsepower beginning 1928. This amount will later be increased to 30,000 horsepower.

The Manitoba Power Co. owns and operates a modern hydro electric power plant at Great Falls on the Winnipeg river with an ultimate capacity of 200,000 horsepower.

The plant was completed in 1923. At that time, two units of 28,000 horsepower each were installed. By the close of 1926 the third unit was in operation. Thus the plant's capacity today is 84,000 horsepower, but the increasing demand for power has necessitated the installation of the fourth 28,000 horsepower unit, which will be in operation by next August.

While the majority of the common stock is held by the parent corporation, yet a large block is in the hands of the public and there is a considerable investment interest both in the common stock and in the bonds.

Like its parent company, the Winnipeg Electric, the future of the Manitoba Power lies in the industrial developments in and around Winnipeg and the province of Manitoba. During the past year and a half the development of this area has been such as to more than justify the hopes of the management. The addition of the third unit has made and the addition of the fourth unit at the company's plant will make a marked difference in the earning power. A new transmission line is being erected to serve the Manitoba mining fields.

Capitalization—

	Authorized	Outstanding
Common .... (no par value)	100,000 shs.	100,000 shs.

Funded Debt—

1st mtge. bonds "A" 5½% due 1957, 10,000,000

Dividend Record—

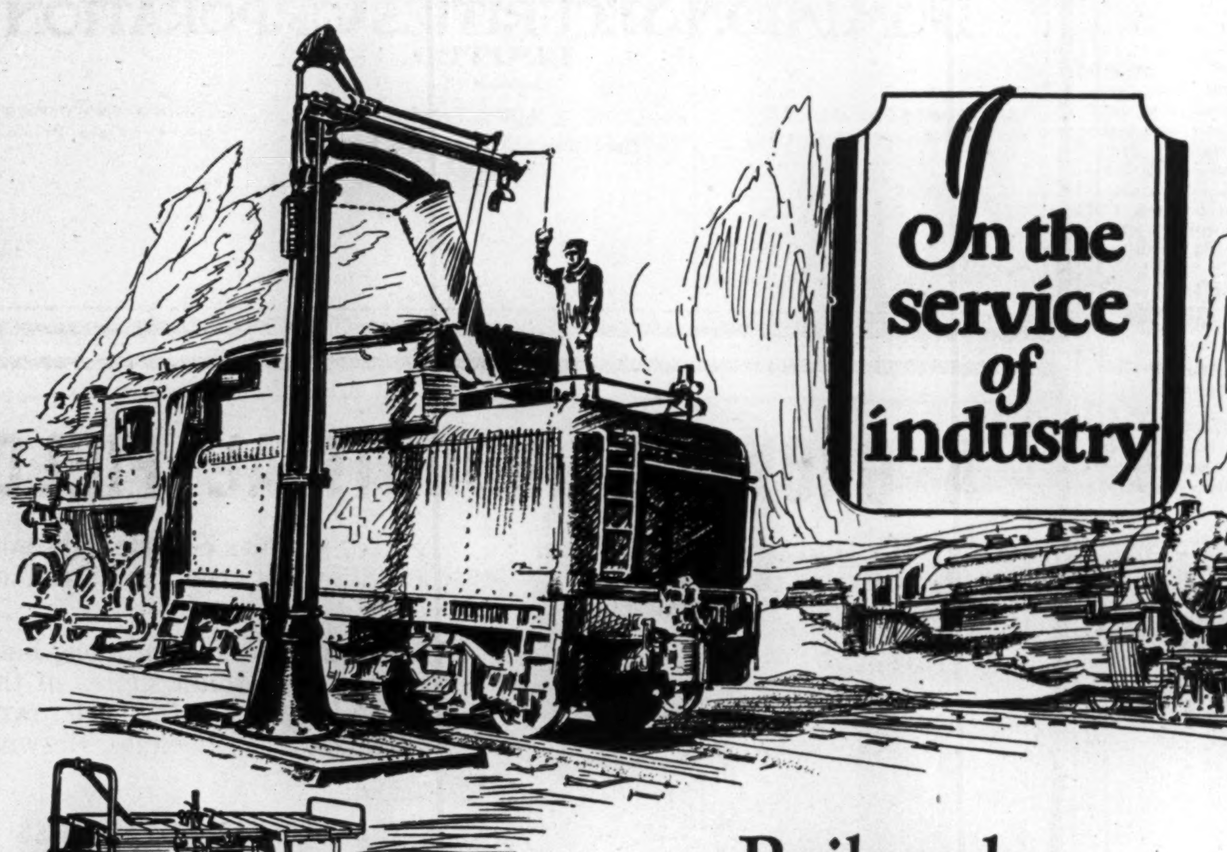
None.

Officers and Directors—

A. W. McLimont, pres.; A. J. Nesbitt, W. J. Bulman, D. N. Finnie, J. B. Woodyatt, E. Anderson, W. R. Bawlf, vice-pres.; Julian C. Smith, S. L. Fuller, W. E. Blodgett, treas.; L. Palk, sec.

Profit and Loss—

	1924	1925
Gross earnings.	$671,105	$666,053
Operating expenses	102,627	118,454
Net operating revenue....	$568,478	$547,599
Miscellaneous income	1,491	1,058
Gross income	$569,969	$548,657
Interest	533,492	538,825
Taxes	24,827	7,099
Net income	$ 11,650	$ 2,762
Prev. balance	10,827	18,819
	$ 22,477	$ 21,581


In the service of industry
42

Railroads

To-day Canada's railroads are among the world's greatest institutions. To these huge systems the Canadian Fairbanks-Morse Company supplies a wide variety of machinery and equipment. In the pump house on the prairie, in the great locomotive and car shops, in practically all branches of these mighty organizations Fairbanks-Morse service and Fairbanks-Morse products are used and appreciated.

Fairbanks-Morse Diesel Engine Driven Pumps and Fairbanks-Morse Stand Pipes supply water to the locomotives. Express and freight shipments are weighed on Fairbanks scales and handled on Fairbanks-Morse trucks. Repair gangs travel to and from their work on Fairbanks-Morse hand and motor cars: while in the shops from coast to coast, machinery and supplies from Fairbanks-Morse warehouses are in daily use.

Wherever machines are used in the development of Canada — on sea and land, on the farm, in the forest, factory or mine — there, giving reliable service, you will find equipment which is illustrated and described in our 800 page General Catalogue.

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THE MAKERS OF FAIRBANKS SCALES AND VALVES

523

Public Services—

Public Service Companies are public necessities and grow as the country grows. That issues of such companies therefore possess a high degree of security has been amply demonstrated in the cases of the following :—

Montreal Tramways........5% —1941
Montreal Tramways........5% —1955
Bell Telephone.............5% —1955
Quebec Power..............6% —1953
St. Maurice Power.........6½%—1953
Montreal Pub. Service......5% —1942
Laurentide Power..........5½%—1946
Duke-Price Power..........6% —1949
Manitoba Power............5½%—1951
Gatineau Power............5% —1956
Gatineau Power............6% —1941

Our Trading Department buys and sells Public Service Securities at the most favorable market prices.

All orders given careful attention.

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CORPORATION FINANCING

NEW YORK
40 Wall Street

LONDON
24 Lombard Street

PARIS Correspondent, P. Bon de Sousa
1 Rue des Italiens

Bell Telephone

Shareholders Will Benefit Through New Stock Issues—Has Big Expansion Programme and Will Adjust Rates

Both the Bell Telephone Company and its shareholders are at present awaiting the decision of the board of railway commissioners on the application of the company for an increase in its local telephone rates. The management feels that the present rates are not sufficient to allow adequate depreciation reserves to be set aside each year. This is evidenced in the annual report for the year 1925, which, after payment of all charges and dividends, shows a deficit.

While the deficit in itself is insignificant, yet it indicates clearly that the management believes that earnings are not sufficient to take care of all of its depreciation requirements.

The management bases its claim to increased rates—and these increased rates would only apply to certain territories—on the fact that the present rates are based on the telephone situation as it existed many years ago, Several cities and towns have shown an abnormal growth and the rates in some municipalities and cities are not on an equitable basis with those prevailing in other localities The new schedule of tariffs which has been submitted to the railway commissioners would establish rates which would yield a revenue of 7 per cent. on the value of the property.

Growth is Amazing

Like the amazing developments in the power field, the developments in the field of telephony have outstripped all prophecies and the use of telephones has not only shown growth, but has shown an increasing growth. Perhaps the chief reason of this growth and one of the reasons why the growth will be maintained is the fact that the value of the telephone instrument to individuals, or to businesses, is far in excess of its annual cost.

The Bell Telephone Company, of course, stands in a field by itself, but there are some peculiarities of the business which at first glance might not meet the eye of the investor. For instance, unlike other industries, with the growth of the telephone business, the unit cost rises. In other words, the more telephones there are in the company's territory, the heavier will be the load on the individual units. One example of this is seen in exchanges; with only 9,000 subscribers, a municipality requires but one exchange, but with 10,000 subscribers two exchanges are needed. There are many other ways also in which the unit cost rises which the increase in the number of telephone installations.

Operates Under Board

As has been indicated, the company operates under the jurisdiction of the board of railway commissioners, and while its rates and operations are supervised by a public body, broadly speaking, the public realizes that the company has always been well managed and provides an efficient service. Thus, while there may be occasional outbursts about wrong numbers, yet in the years to come the company should benefit by the measure of goodwill which it has established.

There is another reason, too, why it earns favor in the eyes of the public. This is due to the fact that it has never yet split its stock and those who delight attacking utilities on the public platform or in the press, have not been able to charge the shareholders with making excessive profits.

In holding its stock, the investor has two things he should look for. First, a steady return on his investment and, secondly, the issuance of new stock from time to time to take care of further extensions.

To Issue Valuable Rights

New stock issues will be made in the future to provide funds for extensions; such issues will be issued to the present shareholders at a price below prevailing market quotations.

Some indication of what may be expected in this way may be judged from the fact that the company will probably require something over $90,000,000 in the next five years for extensions and improvements to plant and equipment. As the company has always maintained a conservative relationship between its bonds and stock outstanding, perhaps 60 per cent. or more of this new money will be found by the issuance of new stock. All of which indicates satisfactory returns to the shareholders, who thus will obtain valuable "rights."

The Bell Telephone is associated with two other organizations, the Northern Electric and the American Telephone & Telegraph. The large United States holding company owns just over 32 per cent. of the outstanding stock of the Bell Telephone, which in turn, owns 50 per cent. of the shares of the Northern Electric Company. The Northern Electric is engaged in the manufacture of electric equipment.

Relations With Tel. & Tel.

There has been some talk about the annual payments which the Bell Telephone Company makes to the American Telephone & Telegraph, but such payments give the Canadian company the right to obtain and use the newest equipment which the parent company develops. Incidentally, the parent United States company is recognized throughout the whole world as one of the chief agencies responsible for the advance of the knowledge of the electrical art through research. The progress of the Bell Telephone Co. is dependent upon one thing and one thing only, namely, research, and research of a fundamental character, not merely the application of discoveries by technicians. This is but one of the benefits which the Canadian company obtains through its association with the United States interests.

The Bell Telephone Co.'s territory includes only the provinces of Ontario and Quebec, and it holds stock in subsidiary companies which operate the telephone companies in the three Maritime provinces.

Viewed from the shareholders' angle, one of the most satisfactory points about the company is its willingness, and indeed, its desire, to have both its customers and its employees hold its shares. Many thousands of employees are shareholders and out of about 13,000 or 14,000 shareholders, only 400 reside outside the Dominion.

Capitalization—

	Authorized	Outstanding
Capital stock	$75,000,000	$49,080,400

Funded Debt—
5 per cent. first mortgage bonds, due March 1, 1955, $30,000,000.

Dividend Record—
8 per cent. per annum paid regularly since 1886.

Officers and Directors—
L. B. MacFarlane, chairman of the board; C. F. Sise, president; K. J. Dunstan, vice-president; J. E. Macpherson, vice-pres.; W. H. Black, sec.-treas.; E. Palm, comptroller; F. W. Molson, W. F. Angus, Geo. Caverhill, H. B. Thayer, Thos. Ahearn, G. H. Thomson, Glyn Osler, W. S. Gifford, J. W. Ross, P. A. McFarlane, gen. mgr.

Market Record—

	Stock		Bonds	
Year	High	Low	High	Low
1912	176½	145	104	99¾
1913	173	138	101¼	96
1914	159¼	140	100	97½
1915	159	140	100	96½
1916	152	143	100¼	97
1917	150	129	99½	92¾
1918	132½	128	93½	87¼
1919	133	110¾	96¼	91
1920	111¼	100	93	90
1921	112	99¼	93½	91¼
1922	120¼	103	98	94
1923	128¼	112	99½	99
1924	140	125	100½	98¾
1925	144¼	132¾	98¼	98¼
1926	142½	136	101¼	99½

Profit and Loss—

	1921	1922	1923	1924	1925	1926
Gross earnings	$18,796,356	$20,454,295	$22,921,590	$24,927,893	$26,956,880	$29,094,800
Oper. exp., etc.	16,591,935	16,484,983	18,044,455	19,907,941	21,590,862	24,836,954
Net earnings	$2,276,421	$3,969,312	$4,877,135	$5,019,952	$5,366,018	$4,257,846
Interest	1,168,800	1,035,644	1,067,175	1,252,854	1,485,565	1,791,970
Dividends	1,883,630	2,457,740	3,135,920	3,215,039	3,889,166	3,906,802
Employees' fund	....	....	200,000	....	....	....
Surplus	x$ 776,009	$ 475,928	$ 474,037	$ 552,057	x$ 8,712	x$1,440,926
Rate of % earned.......	4.70	3.60	9.21	9.38	7.98	5.05

xDeficit.

THE STORY OF 45 YEARS

Year	Oper. Rev.	Oper. Exp.	Miles Long Dist. Wire	Telephones in Service
1880	$ 29,670	$ 18,617	....	....
1885	362,828	204,828	3,000	9,614
1900	1,614,262	1,229,977	21,350	38,360
1905	3,517,595	2,615,276	37,082	78,195
1910	5,510,685	3,963,559	54,138	133,910
1915	9,634,673	7,412,688	79,908	242,784
1920	17,176,863	16,295,341	102,187	376,361
1922	20,454,294	16,484,982	104,551	434,223
1923	22,921,590	18,044,456	107,317	486,241
1924	24,208,411	18,671,614	120,735	536,848
1925	26,168,977	20,271,030	122,326	589,321
1926	28,460,923	23,486,142	....	630,161

Ottawa and Hull and Ottawa River

Outlook for Future of Companies Depends on Growth of Power Demand About Ottawa

Earnings of the Ottawa & Hull Power Co. for the last fiscal period covered by its annual report show a slight increase from the preceding year, and the first report covering an operating year of the company's subsidiary, the Ottawa River Power, is of a fairly satisfactory character. The parent company controls its subsidiary through the ownership of over half the common stock.

The parent company owns two power plants on the Ottawa River, at Chaudiere Falls between the cities of Ottawa and Hull, which have an installed capacity of 40,000 horsepower. The energy is sold to the Ontario Hydro-Electric Commission for use in Ottawa, the Hull Electric, the city of Hull, the Canada Cement Co., the Ottawa Electric Co., and the E. B. Eddy Co., under fairly long-term contracts.

Just under two years ago, the subsidiary company, the Ottawa River Power, placed in operation its plant on the Ottawa River at Bryson, P.Q., about 50 miles above Ottawa. There it installed one unit of 25,000 horsepower capacity, but all the permanent work has been completed for the ultimate installation of three units, making an ultimate capacity at this plant of 75,000 horsepower.

Produces 100,000 Horsepower

It will be seen therefore that the Ottawa & Hull Power Company owns and controls hydro-electric plants of a present capacity of 65,000 horsepower and an ultimate capacity of over 100,000 horsepower. All the plants and water powers are owned outright.

A substantial improvement in the earning power of both companies will take place when a larger demand for power grows in the territories served. This would allow the subsidiary to instal further generating units at its plant.

The company holds contracts with some of the larger users of power in the vicinity of Ottawa and Hull, but both the parent company and its subsidiary are in reality wholesalers of power, and own no domestic distributing systems.

Through owning a majority of common stock of the Ottawa & Hull Power Co., the Power Corporation of Canada controls both the company and its subsidiary.

Capitalization—

	Authorized	Outstanding
Common .... (No par value)	25,000 shs.	25,000 shs.
Preferred 7%	$1,500,000	$1,500,000

Funded Debt—

6% first mortgage gold bonds, due 1948	$2,500,000

Dividend Record—
Dividends of 7% paid on preferred regularly since organization. No diivdends have been paid on common.

Officers and Directors—
A. J. Nesbitt, pres.; E. R. Bremner, vice-pres.; J. A. Cameron, J. B. Fraser, Dan McLachlin, J. B. Woodyatt, H. S. Harrison, asst. sec.-treas., L. C. Haskell, sec., C. Johnstone, treas.

Ottawa River Power

Profit and Loss—

	1923-4	1924-5	†1925-6
Gross revenue	.$372,141	$367,610	$446,540
Exp. and taxes	69,741	79,492	97,712
	$302,400	$288,118	$348,827
Interest	162,500	150,000	175,000
Net profit	$139,900	$138,118	$173,827
Dividends	105,000	105,000	122,500
Income tax prov.	......	1,739	2,459
Depreciation	......	116,485	108,788
Surplus for year	34,900	*85,106	*59,920
Previous surplus	243,405	278,305	193,199
P. and L. bal....	$278,305	$193,199	$133,279

*Deficit.
†For 14 months.

Market Record—

	1925		1926	
	High	Low	High	Low
Common	45	44	30¾	25
Preferred	..	..	97	97

Capitalization—

	Authorized	Outstanding
Stock	30,000 shs.	30,000 shs.

(No par value). The Ottawa & Hull Power Co. owns the majority of the stock.

Funded Debt—

First mortg. 6½% bonds due 1953	$15,000,000	$4,000,000

Officers and Directors—
A. J. Nesbitt, pres.; D. McLachlin, vice-pres.; Sir R. L. Borden, E. R. Bremner, W. H. Dwyer, J. B. Fraser, P. A. Thomson, J. B. Woodyatt, Hon. G. Bryson, L. C. Haskell, sec., C. Johnstone, treas., H. S. Harrison.

Profit and Loss—

	10 months 1926
Gross revenue	$274,953
Operating and taxes	97,694
	$177,259
Bond interest	136,560
Depreciation	39,000
Balance to profit and loss ....$	1,699

Cape Breton Electric

Earnings Reflect Position of N.S. Steel and Coal Industry

The earnings of the Cape Breton Electric Co. pretty well reflect the volume of production of the British Empire Steel Corp., in and about Sydney, N.S., where the company does the entire electric lighting and railway business in North Sydney, operates between Sydney and North Sydney, between North Sydney and Sydney Mines, and between Sydney and Glace Bay; it owns the capital stock of the Sydney & Glace Bay Railway and also the capital stock of the Sydney Mines Electric Railway. The property has been under the executive management of Stone & Webster for twenty-five years.

Due to the prolonged strike in 1925, the company's earnings that year were poor, but the year just closed has witnessed a revival of the coal and steel business in Nova Scotia, with a consequent satisfactory betterment in the Cape Breton Electric's earnings.

Capitalization—

	Authorized	Outstanding
Common	$1,125,000	$1,125,000
Pref. 6% .... Non-cumulative	500,000	314,000

Funded Debt—
First gold 5% due 1932, $1,096,000, Sydney and Glace Bay Rly. first gold 5% cent., due 1932, $131,000.

Dividend Record—

Calendar year	Pref.	Com.
1907	6	..
1908	6	..
1909	6	..
1910	6	1½%
1911	6	4
1912	6	4+1
1913	6	6
1914	6	6
1915	6	3
1916	6	3
1917	6	3
1918	6	3
1919	6	3
1920	6	..
1921	6	..
1922	6	..
1923	6	..
1924	6	..
1925	6	..

Officers and Directors—
A. Stuart Pratt, president; F. S. Pratt, vice-president; H. G. Bradlee, J. C. Rice, Allan Forbes, W. C. Forbes, W. Hunnewell, Russell Robb, H. B. Sawyer, treas.; N. H. Stone, E. S. Webster, V. D. Nickery, secretary; M. C. Smith, manager.

Profit and Loss—

	1923	1924	1925
Gross earn.	$701,214	$662,905	$567,913
Exp. and taxes..	608,563	535,576	475,073
Net earn.	$ 92,651	$127,329	$ 92,840
Interest	67,781	68,407	69,073
Bal. for reserves, retirements and dividends	$ 24,870.	$ 58,922	$ 23,767

Wahnapitae Power

Bettered Position of Nickel Industry Helps Company—Earnings Good

It is understood that the earnings of the Wahnapitae Power Co. are increasing. The investment interest in the company is confined to its bond issue.

Under long term lease from the province of Ontario, the Wahnapitae Power owns three water powers on the Wahnapitae River in the northern section of that province. Power is sold and distributed in the town of Sudbury and the surrounding district in which there is a steadily growing demand for electric energy. The nickel industry in the territory has been on a better basis of late, from which the company has naturally benefited.

It has been in successful operation since 1905 and earnings over the past five years have been well above bond interest requirements.

Capitalization—

	Authorized	Outstanding
Common stock ..... (Par $100).	$1,000,000	$710,400

Funded Debt—

6½% first mortgage sinking fund gold bonds, due 1944 ...	1,000,000	500,000

Officers—
W. McVittie, pres.; Alex. H. Skene, sec.-treas., mgr. and pur. agent; K. McRae, supt.

Dominion and Provincial Government Bonds

Municipal Bonds

Public Utility and Industrial Financing

Foreign Issues Quoted

DOMINION SECURITIES CORPORATION LIMITED.
Established 1901

MONTREAL OFFICE
189 St. James Street

E. R. WOOD, President
Head Office: 26 King Street East
TORONTO 2

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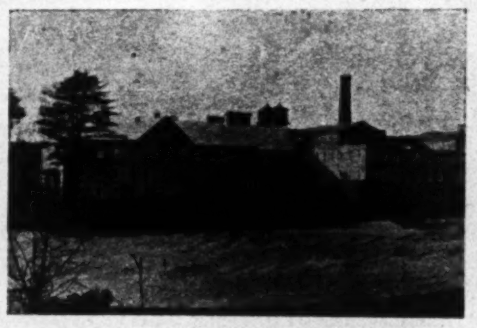
No. 6 Austin Friars

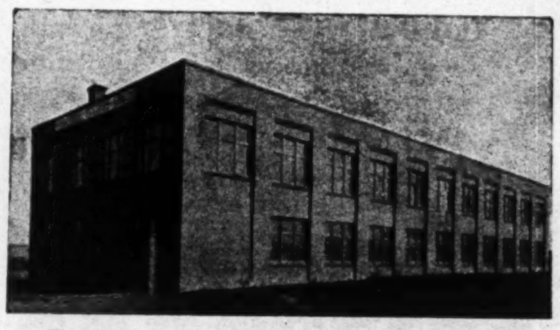
A GROWING INDUSTRIAL FIELD

THE Ottawa-Montreal Power Co., Limited, supplies electric light and power to that portion of the Ottawa Valley between the Island of Montreal and the City of Ottawa.



J. C. Wilson Co. Limited, Lachute.

Dominion Shuttle Co. Limited, Lachute.



Hawkesbury Textile Limited, Hawkesbury.

The territory served embraces both the north and south shores of the Ottawa River, covering such towns as Hawkesbury, Lachute, Brownsburg, etc.

TRANSPORTATION FACILITIES

throughout this territory are excellent. The main lines of the C.P.R. and C.N.R. traverse it completely, and water transportation between Montreal and Ottawa is afforded on the Ottawa River by the Carillon and Grenville Canals for boats of considerable tonnage.

NEAR MONTREAL

The eastern portion of the territory is within easy commuting distance from Montreal, and by train it is only 40 minutes from the heart of the city.

IDEAL LABOR CONDITIONS

An abundance of good, solid and faithful labor is assured throughout the territory served.

LET US TELL YOU MORE

If you are contemplating the establishment of an industry or a branch of an existing industry in Quebec, where labor troubles are few, power abundant and sold at reasonable rates, write for particulars to

INDUSTRIAL DEPARTMENT
OTTAWA-MONTREAL POWER COMPANY, LIMITED
330 CORISTINE BLDG. MONTREAL

Canada Northern Power and Its Subsidiaries

Company Serves Growing Mining Territories in Ontario and Quebec — Growth of Mining Industry Indicates Growth in Earnings

While the Canada Northern Power Corp. is controlled through the ownership of its common stock by the Power Corp. of Canada, it in turn controls several subsidiaries. These subsidiaries are, the Northern Canada Power, the Northern Ontario Light & Power the Porcupine Power & Telephone Co., and the Quinze Power Co. In the last two companies. the Canada Northern Power Corp. owns all the stock, but there is some investment interest in the other two companies, which are reviewed separately.

In addition, the Great Northern Power Corp. has leased its entire assets to the Northern Canada Power Co. for a period of twenty years, so that the Canada Northern operates this property too.

As the Canada Northern Power Corporation is simply a holding company, its fixed assets consist of investments at cost in subsidiary companies. Some 90 per cent. of the common stock of the Northern Canada Power and the Northern Ontario Light & Power Co. are included in its stock holdings.

Capacity of Plants

The plants which the parent company controls have a combined capacity of 76,500 horsepower, and an ultimate capacity of some 116,000 horsepower. The additional capacity can be obtained at a relatively low cost. The transmission system of the subsidiary comprises approximately 450 miles of high tension lines and the subsidiary companies serve all the important mining centres of north-eastern Ontario and north-western Quebec.

The territory served is being rapidly expanded by the growth of the mining industry. With the growth of that industry, there has been a consequent increase in the demand for power from the corporation's subsidiaries. The next year or two should witness a decided increase in the Canada Northern's earning power. In the meantime, the company is bettering its service by interconnecting its subsidiaries, and is extending its lines to new fields.

Capitalization—

	Authorized	Outstanding
Common (No par value).	75,000 shs.	40,000 shs.
Cum. pref. 7%	7,500,000	$4,750,000

Funded Debt—

Collateral trust 6½ per cent. bonds, due 1941	$2,500,000

Dividend Record—
Preferred dividends payable quarterly, Jan., April, July and Oct. 15.

Officers and Directors—
A. J. Nesbitt, J. B. Woodyatt, vice-pres., F. O. Blackwell, Dan. McLachlin, P. A. Thomson, Hon. S. C. Mewburn, J. H. Black, K. S. Barnes, sec.

Profit and Loss—

	1925
Revenue	$294,460
Expenses	13,991
Net profit	280,469
Reserve for taxes	9,240
Pref. dividends	267,007
	276,247
Balance	$ 4,221

Great Northern Power

The Great Northern Power Corp. is extending its system by the erection of a new transmission line to Kirkland Lake. The corporation has leased its entire assets to the Northern Canada Power Co. for twenty years. The latter, under the terms of the lease, is allowed to deduct from the gross revenues annually, the sum of $20,000 with which to meet operating expenses on the property. Revenues over and above the operating charges, up to a maximum of $100,000 annually will go to the Great Northern Power Corp.

Under the contract the Great Northern Power Corp. obtains an annual revenue of not less than $75,000, which is nearly $15,000 in excess of its bond interest requirements. There is an investment interest both in the bond and the capital stock issues of the company.

Capitalization—

	Authorized	Outstanding
Capital stock (Par $10).	2,000,000	$2,000,000

Funded Debt—
First sinking fund gold 7 per cent., due 1937, $850,000.

Dividend Record—
None.

Officers and Directors—
A. J. Nesbitt, pres., P. A. Thomson, vice-pres., J. B. Woodyatt, E. R. Parkins, L. C. Haskell.

Northern Canada

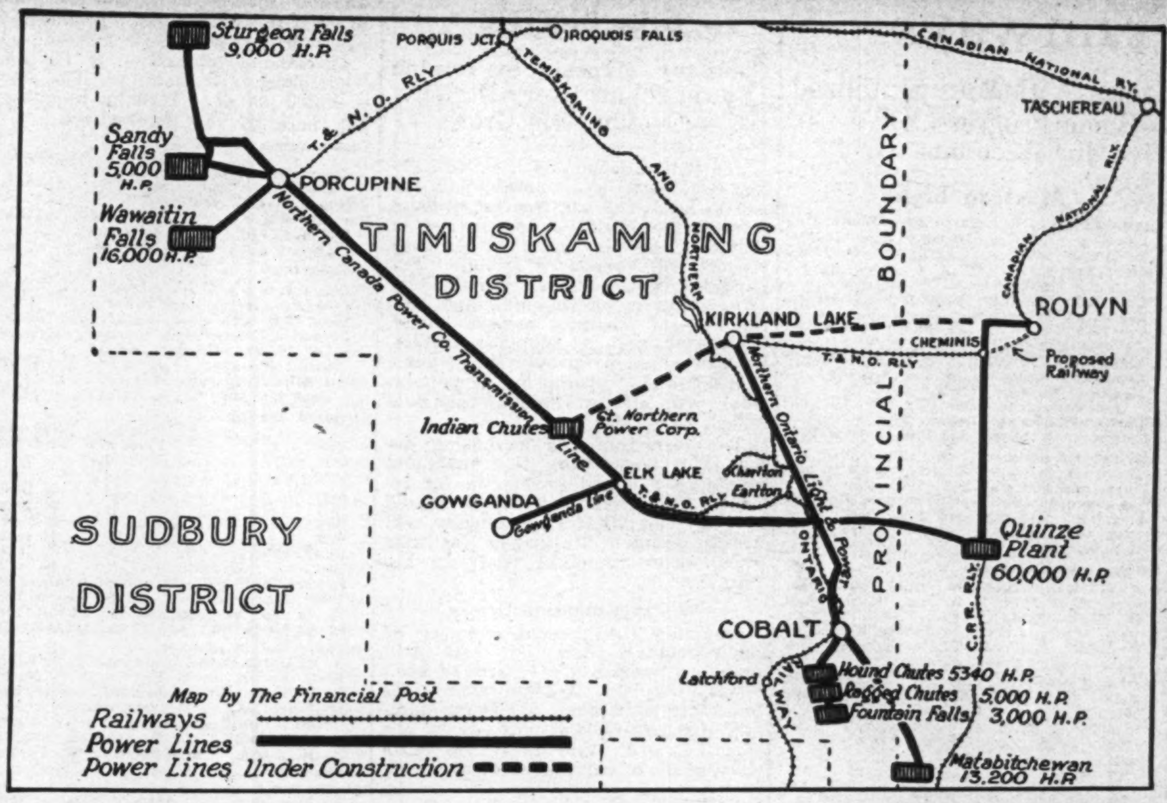
While most of the shares of the Northern Canada Power Co. are owned by the Canada Northern Power Corp., yet there is some common stock still outstanding in the hands of investors and, in addition, the senior securities of the company are in the hands of the public.

The Canada Northern Power Corp., the parent company, is erecting a transmission line from Rouyn to Kirkland Lake to provide additional power and to tie up the Northern Canada and the Northern Ontario Light & Power systems.

The Northern Canada operates four hydro-electric plants with a present capacity of 50,000 horsepower, and with an ultimate capacity of 90,000 horsepower. Three of these are on the Mattagami River in Northern Ontario, and the fourth is on the Quinze River, Quebec. The latter is the largest of the group and is at present developing 20,000 horsepower. The Wawatin Falls plant on the Mattagami develops 16,000 horsepower. The other two are Sandy Falls and Sturgeon Falls, developing 5,000 and 9,000 horsepower respectively. The Quinze River plant has an ultimate capacity of 60,000 horsepower. Any additional installation beyond the present 20,000 horsepower can be completed at a low cost per horsepower as the major portion of the work has been completed.

Just a year ago, power was turned on to a new line serving the Gowganda district and at the close of 1926 the company turned power onto a new line to the Rouyn district. These extensions and additions to the property are bringing an increasing gross and net revenue both to the company and to the parent company, the Canada Northern Power.

Map Shows Power Lines Existing and Projected to Serve Mines of Ontario and Quebec



Capitalization—

	Authorized	Outstanding
Stock (Par $100).	$6,000,000	$6,000,000

Funded Debt—

6½ per cent. first mortgage bonds, due 1938	$4,500,000
6 per cent. first mortgage, series "A," due 1945	$6,000,000

Dividend Record—
One dividend at the rate of 4 per cent. per annum was paid in 1920; 3¾ paid in 1925.

Officers and Directors—
A. J. Nesbitt, pres.; J. H. Black, vice-pres., K. S. Barnes, sec. and treas.; E. R. Wood, E. R. Parkins, J. B. Woodyatt.

Profit and Loss—

	1924	1925
Power sales	$ 934,585	$1,031,079
Misc. income	275	1,534
	934,860	1,032,613
Oper. expenses	172,251	314,187
Taxes	11,000	10,269
Oper. profit	751,609	708,157
Deduct:		
Bond interest	127,736	301,178
Other interest	20,678	85,432
Deprec. reserve	317,849	274,364
Net profit	285,346	47,183
Dividends	......	225,000
Balance	285,346	*177,817
Prior surp.	1,094,681	1,052,858
Total	1,380,027	875,041
Sundry deduc.	327,169	......
Settlem't of law suit	......	575,000
Bond discount	......	189,407
P. & L. balance	$1,052,858	$ 110,634

*Debit.

Northern Ontario L. & P.

Less than a year ago, the Northern Ontario Light & Power Co. came under the aegis of the Canada Northern Power Corp. which acquired most of the common stock outstanding. And since it was acquired, a good deal has been spent for improvements to equipment, and to better the service generally. While business from the Cobalt mining camp has been less satisfactory than of yore, the Kirkland Lake area and the South Lorrain area, which have expanded, have decidedly more than offset the quietness of the mining industry in Cobalt itself. Earnings from the property are therefore increasing.

At Ragged Chutes, the company generates 5,000 horsepower in a hydraulic air compressor plant. At Hound Chutes, there is a 4,000 horsepower plant, and a third power development at Fountain Falls, on the Montreal River, and a fourth on the Metabetchouan River. The total power developed amounts to some 25,000 h.p.

Due to the slackening of the mining industry in Cobalt, the demand for air from the company's plants during the past year has not been particularly satisfactory, but the property has been linked up with the other power developments in the Canada Northern chain, which in itself should provide increased earnings.

The company own a groundwood pulp mill which has a capacity of 40 tons of pulp daily.

Capitalization—

	Authorized	Outstanding
Common	$5,000,000	$4,585,000
Pref. 6%	2,500,000	2,400,000

Funded Debt—
First mortgage 6%, due 1946, $5,250,000.

Dividend Record—
Preferred dividends were paid regularly at rate of 6% per annum from Jan. 1, 1912, to and including Jan. 15, 1921. Regular payments were resumed July, 1923, when 9% was paid, including 3% on account of back dividends. All arrears of dividends have now been paid up, the payment on Jan. 24, 1925, of 3% regular and 3% balance of accumulated pref. dividends, clearing up all arrearages. Payments semi-annually, Jan. and July. On common, 4% per annum, payable quarterly. Initial dividend of 1% paid Oct., 1925.

Officers and Directors—
A. J. Nesbitt, president; F. O. Blackwell, Alex. Fasken, G. W. Scott, J. B. Woodyatt, vice-pres.; P. A. Thomson, D. G. Allan, general manager; K. S. Barnes, sec. and treas.

Profit and Loss—

	1925	1924
Operating revenue	$1,351,868	$1,295,820
Operating expenses	535,428	567,135
Operating income	$ 816,439	$ 728,685
Other income	37,982	31,932
Total income	$ 854,421	$ 760,617
Deductions:		
Interest on bonds	$ 300,390	$ 285,473
Bad accounts, etc.	2,848	7,380
Total	$ 303,238	$ 292,853
Profit for year	$ 551,183	$ 467,763
Surplus forward	475,007	568,603
Pulpwood inventory	26,807	11,060
Total surplus	$1,052,998	$1,047,427
Pref. dividends	142,968	*357,420
Com. dividend	45,322	.....
To reserves	240,000	215,000
Total	$ 428,290	$ 572,420
Surplus	$ 624,708	$ 475,007

*This amount includes one and one-half year's arrears of 6 per cent. dividends paid on preferred stock.

Quinte & Trent Power

Is Completing First Year of Full Operation — Earnings Are Good

While the Quinte & Trent Valley Power Co. has not yet completed one year of full operation, the earnings from the property are well in excess of the dividend on the preferred stock; they are increasing also.

The company was incorporated about two years ago to construct and to operate two power plants; one at Frankford, and the other at Campbellford, on the Trent River in Ontario. To finance the development, an offering of bonds and of preferred stock was made.

The capacity of the two plants is 4,000 h.p., but the total output can be increased to 6,000 h.p. through the installation of a further generator. Both plants have been in operation since last June.

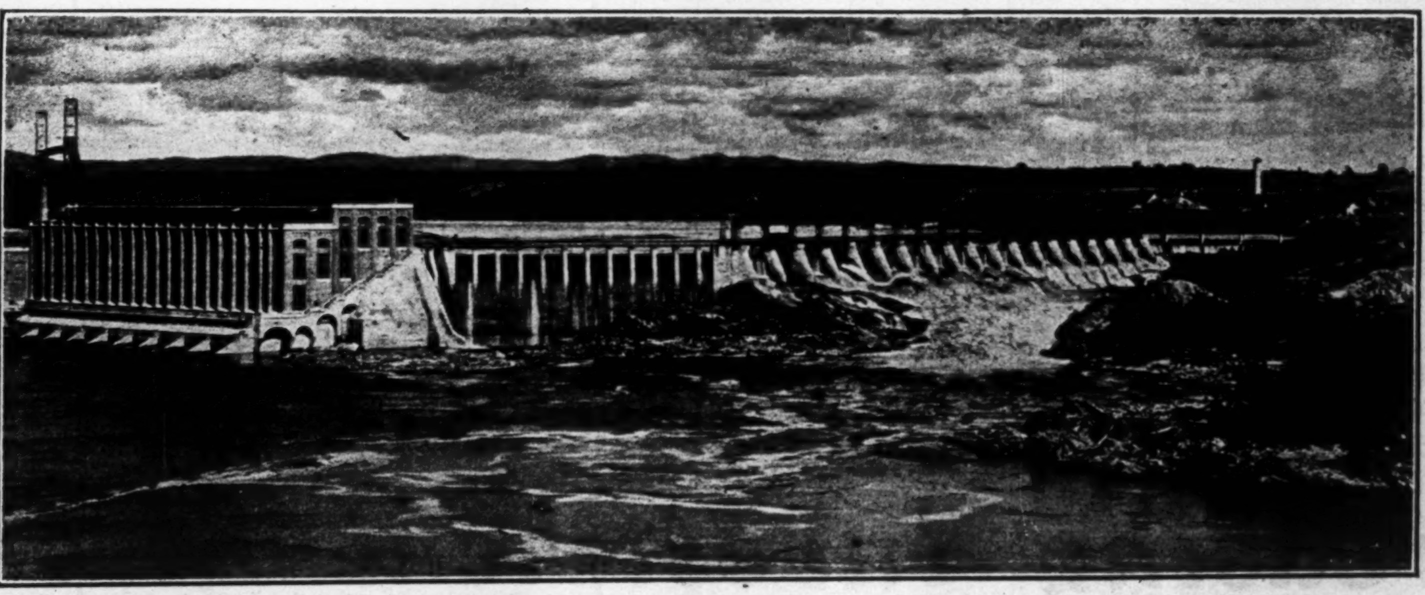
The common stock of the Quinte & Trent Valley Power Co., is owned by the Canadian Paperboard Co., which has a contract with its subsidiary for a supply of power. The company also furnishes power to and enjoys the net revenues of the Frankford Electric Light Co., which holds franchises from, and contracts with, the town of Frankford. The company is ably managed and is making satisfactory progress.

Capitalization—

	Authorized	Outstanding
Common	10,000 shs.	5,000 shs
Preferred 7%	$500,000	$300,000

Funded Debt—
First mortgage 6% sinking fund gold bonds, series "A", due 1955, $400,000.

Officers and Directors—
J. G. G. Kerry, pres.; J. Ambrose O'Brien, J. N. Rougsie, S. Johnston, Hon. E. D. Smith, vice-pres.; C. E. Whitten, sec. and treas.



Laurentide Power Company Limited

OF THE many hydro-electric power companies, one of the most successful is the Laurentide Power Company, Limited, of Grand'Mere, Quebec.

Source of Power

The Company's power development is on the St. Maurice River — one of the large rivers of the continent. The natural flow of the river is augmented by extensive storage operations.

These storage reservoirs impound water from only 20% of the watershed, so that further storage possibilities promise increased amounts of water available for power supply.

Amount of Power

The present plant has machinery installed developing **165,000 horsepower.**

The present investment for dam and other structures will cover future requirements.

At a very moderate expense for additional machinery the output can be increased to **180,000 horsepower.**

Operating Conditions

The nature of the power site, the hydraulic conditions and construction render the development free from troubles due to high water, ice and the like.

The simplicity of the installation maintains freedom from service interruptions on account of machinery and apparatus trouble.

The Company is a generating company only and has no transmission lines nor corresponding expense.

Sale of Power

The Power Company disposes of 30 percent. of its contract power to its parent company — Laurentide Company, Limited.

All other power now on contract is taken by the Shawinigan Water and Power Company for transmission and distribution over its extensive system.

Surplus power, when and as available, has ready sale at satisfactory rates.

The power development is within easy transmission distance of all the important industrial centres of the Province of Quebec.

Financial

Throughout the entire period of operation, dating from 1915, the affairs of the Company have continued to be sound and progressive.

There has been no phenomenal growth and none is expected, but the nature of the enterprise, in both its physical and financial aspects, assures stability and profit for shareholders.

Grand 'Mere, P.Q.

Mexican Tramways

Future Appears Somewhat Brighter With More Stabilized Government in Country — Some Progress Made in Collecting Long Overdue Accounts

The outlook for the Mexican Tramways Company and its subsidiary, the Mexican Light, Heat & Power Co., has improved materially in the last year or two with the stabilization of the country under President Calles. The latest available figures for Mexican Tramways indicate, however, that the period of readjustment and rehabilitation for the company is not yet complete.

The interest default of the various issues of bonds of Mexican Tramways Co., and the controlled company were attributable, not to failure of management, but to the extraordinary conditions prevailing in Mexico and the consequent depreciation in Mexican currency. The company also suffered severely because the operation of the tramways was taken over by the government authorities in November, 1914, and were so operated from then until May, 1919. Various claims against the federal government are yet to be adjusted.

Collect Past Due Bills

Mexican Tramways operate approximately 217 miles of electric and animal traction lines. About 340 passenger cars and trailers are operated, all but a few of these being propelled by electricity. Thirteen omnibuses and a number of freight cars also are in use.

Later figures are available for the Mexican Light, Heat & Power Co., which has subsidiaries known as the Mexican Electric Light Co., the Pachuca Light & Power Co., the Mexican Southern Power Co., and the Alameda River Hydro-Electric Co. The combined assets of these companies total $87,381,211, of which $76,512,277 represents capital account.

Past due accounts for supply of light and power by Mexican governments, federal, state, municipal, total, $4,393,401 at the end of 1925. The directors' report noted that this was a reduction over the previous year, indicating that some degree of readjustment had been achieved. The total income of Mexican Light, Heat & Power for 1925 was $4,465,099. Out of this income, $1,539,295 was expended for interest on first mortgage and second mortgage bonds of Mexican Light and first mortgage bonds of the Mexican Electric Light Co. and the two other subsidiaries. Out of income also was expended $2,781,000, representing the contribution toward meeting capital expenditures in accordance with the terms of the reorganization agreement, ratified by the bond holders in 1921.

The installed capacity of the Mexican Light Heat & Power Co., and its subsidiaries, is 195,760 horsepower.

Mexican Light

Capitalization—	Authorized	Outstanding
Common	$19,000,000	$13,585,000
Pref. cum. 7%	6,000,000	6,000,000
Funded Debt—		
First gold sinking fund 5%, due 1940	12,000,000	11,340,500
2nd mtge. 5% bonds due 1968	£2,000,000	9,733,333
6% cumulative income bonds		11,775,859
Companies controlled by the company:		
Mexican Electric Light, 5% first mtge. bonds, due 1942		5,567,000
Pachuca Light & Power, 5% first mtge. bonds, due 1967		3,893,333

Dividend Record—
Dividends on preferred were regularly paid up to and including Dec., 1913; none since. On common 1 per cent. each paid July and Oct., 1908; 1½ per cent. Jan., 1909; 1 per cent. then quarterly to Dec., 1913; none since.

Officers and Directors—
R. C. Brown, president, Miller Lash, vice-pres., A. P. Holt, E. R. Peacock, chairman, H. M. Hubbard, vice-pres., G. R. G. Conway, W. H. Fraser, gen. mgr., Mexico, R. H. Merry, sec., P. M. Y. Menclerz, and J. S. Holmested, asst. sec.

Market Record—

Year	Common High	Common Low	Preferred High	Preferred Low
1918	20	16	..	..
1919	48	48	..	..
1920	..	..	..	..
1921	7	5	..	..
1922	17	7	35	31
1923	35	16	57½	53
1924	25	17½	60	38
1925	34	22	64	57
1926	33	29	86	64

Profit and Loss—

	1923	1924	1925
Net income less exch.	$4,524,372	$4,210,227	$4,298,277
Other income	61,174	83,102	166,822
Total income	4,585,546	4,293,329	4,465,099
Expenses	95,933	100,424	144,688
Int. on bonds and loans	1,717,323	1,599,827	1,539,396
Bal. to meet cap. exp.	2,722,290	2,593,079	2,781,015

Mexican Tramways

Capitalization—	Authorized	Outstanding
Stock	$30,000,000	$20,177,000
Funded Debt—		
5% general consol. 1st mtge. bonds, due 1963	20,000,000	10,298,000
6% mtge. bonds, due 1966	£ 3,150,000	$ 7,112,633
5% Mexico Elec. Tram. "A" deb. ...	$ 1,946,666	$ 1,601,133
5% 2nd charge deb. "B"	£ 500,000	£ 321,000

Dividend Record—
Dividends have been paid as follows: 1 per cent., 1907; 4 per cent., 1908; 6 per cent., 1909; 6½ per cent., 1910; 7 per cent., 1911, 1912 and 1913; none since.

Officers and Directors—
E. R. Peacock, chairman, R. C. Brown, pres.; H. M. Hubbard, vice-pres., G. T. Clarkson, Vicomte Gaston de Breteuil, G. R. G. Conway, Miller Lash, vice-pres., Walter Gow, C. D. Magee, E. R. Wood, W. H. Fraser, gen. mgr., Mexico; R. H. Merry, sec.

Profit and Loss—

	1922	1923	1924	1925
Gross income	$1,414,186	$ 957,918	$ 419,609	x$ 23,932
Expenses	100,682	100,484	101,802	99,023
	$1,313,504	$ 857,434	$ 317,807	x$122,955
Interest	841,708	838,910	838,107	837,304
Net profits	$ 471,796	$ 18,524	x$ 520,300	x$960,259
Sinking fund	19,467	21,474	23,068	23,871
Shortage	$ 452,329	$ 2,950	$ 543,368	$984,130

B.C. Electric

Company Expects to Double Power Plants Every Decade — Consumption Grows

The British Columbia Electric Railway Co. owns and operates all the power, light, gas and traction utilities serving the Pacific coast district of British Columbia and the southerly districts of Vancouver Island. The populous centres served are the city of Vancouver, on the mainland, and the city of Victoria, on the island. Vancouver, with its suburban municipalities, has a population of some 275,000, and Victoria has a population, with all its suburban districts added, of 85,000.

The record of the increasing demand for power on the mainland points to a sound growth in future. It has been conservatively estimated by engineers, that the company will need to double its power facilities every seven or eight years in the future.

Gas Consumption Grows

Doubling the present capacity of the company's plant by 1934 will mean an expenditure of around $25,000,000 in plant, transmission lines and other equipment. While the number of street-railway passengers has remained stationary in recent years the amount of gas sold shows a steady increase.

Capacity of Plants

A summary of the company's plants and their respective capacities follows:

Mainland Plants

	Capacity kv.a.	
Buntzen No. 1, hydro	21,000	
Buntzen No. 2, "	26,700	
Stave Falls, "	65,625	
Alouette, "	10,000	
Vancouver, steam ...	12,500	
Total		135,825

Vancouver Island Plants

Jordan River, hydro	16,000	
Goldstream, "	2,700	
Brentwood Bay, steam	4,000	
Total		22,700
Grand Total		158,525

As one kilowatt ampere is roughly equal to one and a quarter horsepower, it will be seen that the company generates some 200,000 horsepower.

The company has expanded steadily in past years, and this is to be continued. The power developments in progress at present are but a prelude to the greater developments to come. B. C. Electric operates under an able management, and the company is the predominant producer of power in the West.

Investment interest in B. C. Electric is largely in England. The stock is listed on the Toronto Exchange, but there are few transactions.

Capitalization—	Authorized	Outstanding
Cumulative Perpetual pref. 5 per cent...	£1,440,000	£1,440,000
Non-cum. pref. ordinary 5 per cent. ..	1,440,000	1,440,000
Deferred ord.	1,440,000	1,440,000
Unissued stock	680,000	£1 each
Funded Debt—		
Debentures 4½% 1st mtge.		£ 192,400
Debentures 4½% Van. Power ...		101,300
Perp. Cons. deb. stock, 4¼%		2,788,170
Perpetual Consolidated, Vancouver Power Subsidiary debenture 4¼% guar.		1,500,000
Debenture stock, 5%, 1944 (income tax free)		770,000

Dividend Record—

Year	Cum. Perp. Pref	Non-cum. Pref. Ord.
1918	5%	..
1919	5	5%
1920	5	£4 13 0
1921	5	£4 13 8
1922	5	£4 13 8
1923	5	£4 16 2
1924	5	£4 16 2
1925	5	£6 6 9

Deferred ordinary paid 3% and bonus of 3%, 1919; £6 4s. in 1920; £6 4s. 2d. in 1921; £6 4s. 8d. in 1922; £6 9s. 5d. in 1923; £6 9s. 8d. in 1924, and £8 0s. 0d. in 1925.

Officers and Directors—
R. M. Horne-Payne, chairman; T. B. Brown, H. G. Brown, Sir E. Harvey, G. P. Norton, J. Davidson, Sir F. Barnard, George Kidd, president; W. G. Murrin, vice-pres.; A. T. Goward, vice-Pres., Victoria; F. R. Glover, gen. executive asst.; V. Laursen, solicitor; E. H. Adams, comptroller; R. W. Bartlett, secretary.

Profit and Loss—

To June 30—	1923	1924	1925
Income	£599,221	£613,373	£544,829
Deprec., etc.	136,825	155,955	......
Interest	132,015	140,978	183,537
Dividends	206,256	205,254	206,255
Other deduct.	45,923	33,157	......
Surp. for year ..	78,202	78,029	154,537

Market Record—

	Def. Ord. High	Def. Ord. Low	Pref. Ord. High	Pref. Ord. Low	Cum. Pref. High	Cum. Pref. Low
1913	144½	111	125	102	109¾	98½
1914	125	104	111	100	107	98
1915	79	30	90½	25	89¾	50
1916	62	35	68½	34½	74½	50⅝
1917	40½	25	46⅞	28	64⅞	38
1918	48	24	52½	27¾	68	41
1919	54¾	31	56½	35⅞	66½	53¾
1920	60	40	62	45	65	51
1921	60	47½	58½	49⅛	61	53¼
1922	91	57	78½	53⅝	83½	59
1923	101	87	88	74	90½	75¾
1924	112½	97½	90⅝	80	90	82
1925	128	101	104½	82	93	84½

Western Power

(Controlled through stock ownership by B. C. Electric Railway)

Capitalization—	Authorized	Outstanding
Common	$5,000,000	$5,000,000
Preferred	5,000,000	850,000
7 per cent. cumulative from Jan. 1, 1918.		
Funded Debt—		
1st mtge. 5%, due 1949	$5,000,000	$4,606,080

Officers and Directors—
George Kidd, pres., W. G. Murrin, John Davidson, Capt. F. R. Glover, V. Laursen, W. Saville, E. H. Adams, J. V. Armstrong, Secretary.

The Hamilton Street Railway, which had contracted with the city to put 16 street buses in operation within three years, has now arranged to make up the full complement within eight weeks. The buses will be of uniform size. In addition, 24 new street cars have been ordered for delivery about May 1st next.

Southern Canada Power

Earnings Continue Their Upward Trend and Company Continues to Increase Both the Number of Territories and Customers Served

The earnings of the Southern Canada Power Co. continue to show a steady growth. During the past year, the territory has been extended as opportunities offered; such expansion has been confined to acquiring new customers, and no new hydro-electric power plants have been added during the year.

The stock sells at a high figure. Probably the chief reason for its popularity is the steadily increasing demand for power in the territory served.

Sells to Shawinigan

The company supplies all its own power and no purchases are made from other companies. A large block of power is sold to the Shawinigan Water & Power Co., under a profitable fifteen-year contract.

The Hemmings Falls plant produces 36,000 horsepower. The Drummondville plant has a capacity of 18,000 horsepower; making a total installation in the company's plants of 64,000 horsepower. Controlled under leases which have 61 years yet to run, the company owns water powers with an ultimate capacity of 160,000 horsepower.

Some 21,000 customers—an increase of over 3,000 from last year—are served in the Eastern Township districts of Quebec, a section which lends itself readily to industrial developments and in which Southern Canada has been successful in establishing over twenty new industries in the past five years. In all, some 600 industrial power users are served, and no large portion of the earnings are derived from any single source.

The company owns, though stock ownership, the Sherbrooke Railway & Power Company, which develops power and operates the tramway service in the city of Sherbrooke. Eighty-six communities are served, with whom cordial relations are maintained, and in which about 25,000 persons have become owners of the company's shares. The outlook for the company is excellent.

Capitalization—	Authorized	Outstanding
Common shares ... (No par value).	100,000 shs.	[illegible] shs.
Pfd. 6% shares	$10,000,000	[illegible]
Funded Debt—		
First mortgage, 5%, Series "A," due 1955	50,000,000	[illegible]

Dividend Record—
Initial quarterly dividend of 1½ per cent. on preferred was paid April 15, 1920, which rate has been maintained to date. On common $1 was paid in 1923; $2 in 1924, 1925 and 1926.

Officers and Directors—
J. B. Woodyatt, pres and gen. man.; W. K. Baldwin, M.P., James Davidson, P. A. Thomson, J. S. H. Wurtele, vice-pres. and plant mgr., P. T. Davies, vice-pres. and commercial mgr., J. S. Gillies, W. H. Miner, Lieut.-Col. J. R. Moodie, A. J. Nesbitt, George Parent, K.C., C. E. Read, J. M. Robertson, vice-pres.; L. C. Haskell, secretary.

Market Record—

Year	Common High	Common Low
1924	73	[illegible]
1925	84	[illegible]
1926	100	[illegible]

Profit and Loss—

	1921 $	1922 $	1923 $	1924 $	1925 $	1926 $
Gross earnings	753,959	843,565	953,970	1,150,863	1,213,665	1,289,131
Oper. expenses	374,909	385,663	422,741	479,384	500,098	475,871
Net earnings	379,050	457,902	531,229	671,479	713,567	[illegible]
Less: Interest	287,886	306,847	275,057	270,958	269,305	[illegible]
Depreciation	......	410,000	102,000	115,100	121,365	[illegible]
Bad debts	429	985	3,117	5,750	6,020	[illegible]
	288,315	717,832	380,174	391,808	396,690	[illegible]
Net profits	90,735	* 259,930	151,055	279,671	316,877	[illegible]
Pref. dividends	18,280	19,911	82,161	179,088	227,089	226,974
Com. dividends	......	......	......	100,000	100,000	100,000
Surplus	72,455	* 279,841	68,894	583	* 10,212	[illegible]
Prev. surplus	265,898	338,353	58,512	127,406	127,989	117,777
	338,353	58,512	127,406	127,989	117,777	[illegible]
Earning Rate—						
On common	......	......	1.37	2.01	1.79	2.47
On preferred	......	......	5.84	9.36	8.25	[illegible]

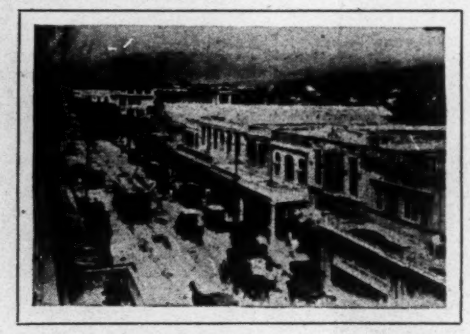
*Debit.

Moose Jaw Utilities Return Substantial Profit

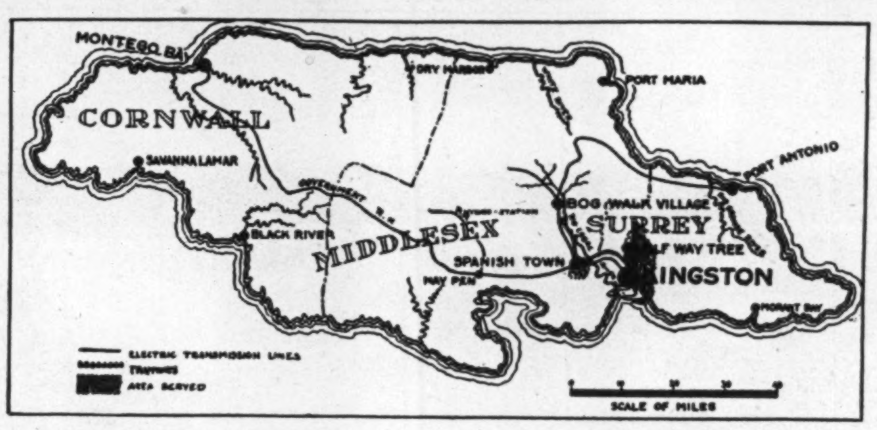
Operation of public utilities in the city of Moose Jaw during the past year, resulted in a substantial surplus, according to the annual report of the city commissioner. Revenue from light and power amounted to $413,087, against which there was an expenditure of $344,204, leaving a profit of $68,883. The water works department reported an income of $168,974, and expenses of $157,409, leaving a favorable balance of $11,565. The combined surplus of these departments was $80,448, as compared with the estimated profit of $47,356.

The expenditure in both departments includes debenture interest, sinking fund and depreciation. In the case of light and power, in addition to the profit of $68,883 earned, the sum of $30,181 was set aside out of the year's earnings for capital expenditure purposes.

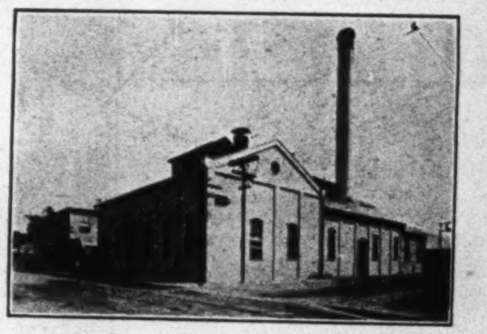
Montreal retained its position during the 1926 season as North America's premier grain-shipping port.



Kingston—King Street Scene.



Map of Jamaica showing the area served by the Jamaica Public Service Co.



Steam Generating Plant.

Increasing Investment Strength

Record of Progressive Growth

THE stability and steady growth of this utility's business and net earnings may be seen in the following table:—

Year	Gross Earnings	Net Earnings
1908	$217,410	$118,326
1909	236,065	113,885
1910	240,066	122,637
1911	263,108	122,014
1912	261,080	116,956
1913	284,841	128,584
1914	288,924	125,369
1915	274,317	123,540
1916	286,321	134,370
1917	287,210	120,112
1918	294,724	131,603
1919	383,664	154,767
1920	490,180	151,288
1921	536,866	185,376
1922	541,032	181,431
1924	579,055	186,651
1925	625,275	236,114

Earnings for the 12 months ending September 30 were as follows:—

	1926	1925	Increase
Gross Earnings.	$646,465	$607,912	$38,553
Net Earnings...	253,021	214,407	38,614

The property was acquired from the West India Electric Co. in 1923 by the Jamaica Public Service Co., Limited, and placed under the executive management of Stone & Webster, Inc., who manage over 60 utilities throughout North America and in the Tropics.

Capitalization

Bonds, First Mortgage & Divisional 5's	$1,200,000
7% cumulative preference stocks	829,312
Common stock	750,000

Jamaica Public Service Company's record one of solid achievement. Fully equipped to meet expanding utility needs

CANADIAN investors may be duly gratified at the demonstrated progress of the Jamaica Public Service Company Limited — a company which is owned and has been financed in Canada.

The Jamaica Public Service Co. Limited does the entire electric lighting, power and street railway business, serving a population estimated at 120,000 in the cities of Kingston and St. Andrews, Jamaica, which constitute the metropolis of the British West Indies.

EXPANSION

The Company completed in 1926 important extensions to its electrical plant, including more than doubling the steam station capacity and the improvement of the hydro-electric station. Additional rolling stock was also provided. The communities served are showing a steady growth, and with the demands for additional electric service which exists, a steady increase in the Company's business is anticipated.

The Company enjoys the confidence of the public it serves, and Canadians may look upon their investment interest in this Company as another link toward promoting increased trade with Jamaica — to the mutual benefit of both countries.

Jamaica Public Service Co. Limited

Executive Management: Stone and Webster, Inc.

Hydro-Electric Plant.

Generating Apparatus.

Brazilian Traction

Vast Sums Plowed Into Property in Recent Years, Combined With Other Favorable Factors, Makes Outlook Bright for Investor

Brazilian Traction, Light & Power Co. has been much in the limelight recently, owing to the proposal of the spectacular Belgian financier, Captain Alfred Loewenstein, attempting to get control of this vast and prosperous utility from the Toronto group of financiers under whom the property has been built up. It is generally known now that the effort of the Belgian has come to nothing. It is probably in the interests of the shareholders that the existing control remains. Sir Alexander Mackenzie, the president, has spent his life in Brazil, and the directors in Canada are agreed that much of the credit for the success of the property is due to him.

Shares in the Brazilian Traction, Light & Power Co. have been appreciating in market value in recent months, and evidently this higher range is due to the declaration of competent observers that the position of the company, and its subsidiaries is wholly sound, and may if the improvement is not checked in the next few years, become virtually impregnable so far as administrative foresight can make it. The two factors which may have from time to time adverse effect upon the position of the company are possibilities of political turmoil in the country in which the company operates and an unfavorable rate of exchange on the milreis.

Exchange Affects Earnings

Being a Canadian company, the balance sheet takes its complexion in great part from the rate at which Brazilian currency can be exchanged into Canadian currency. However, the milreis apparently reached its low point in 1923. There has been a fairly steady improvement since that time, and the government of Brazil has shown a commendable desire to deflate the currency in order to make progress toward re-establishing the credit of the country at its pre-war point. Monthly and quarterly reports show marked improvement in earnings throughout 1926, compared with 1925. The net revenue for 1925 was $8,848,594, compared to $7,638,917 for 1924. There had been yearly improvements from 1921. The working capital position of the company also has improved to a great extent, the total net working capital being $14,486,069 at the end of 1925, compared to $10,598,871 at the end of 1924.

Property Worth $275,000,000

Brazilian Traction and its subsidiaries now have capital assets of $250,663,000. The sinking fund investments are valued at $6,755,000; the floating assets at $17,971,000, and the total assets at $275,291,263. The funded debt of the company amounts to $68,021,825. The par value of the ordinary shares and preference shares and a few qualifying shares of subsidiary companies are valued at $116,593,300.

The most important subsidiary of Brazilian Traction is the Rio de Janeiro Tramway, Light & Power Co., which has a subsidiary in the Brazilian Telephone Co. The three other subsidiaries of Brazilian Traction are the Sao Paulo Tramway, Light & Power Co., the Sao Paulo Electric Co., and the Brazilian Hydro-Electric Co. The company operates about 430 miles of tramway tracks and has nearly 2,000 passenger, freight and service cars. A funicular railway of two and a half miles operates four electric locomotives, four passenger cars and two freight and service cars. The bus route is about six miles in length. Despite the fact that Brazilian government regulations do not protect the company and its subsidiaries from competition from jitneys and other bus services, it is noteworthy that the total number of passengers carried on the tramways, funicular railway and buses has increased from year to year, now standing at a total of about 550,000,000. The company is extending its bus services in order to meet competition.

Overcome Power Shortage

Sale of electricty was restricted somewhat during 1925 by a shortage of power, but this, it is understood, has been corrected by the establishment of additional generating units, both hydro and steam. The electric light and power subsidiaries serve a population of about 2,750,000 persons in an area of 2,500 square miles. The consumption of gas has increased rapidly in recent years, the total consumers being now more than 45,000, and the total mains laid being 792 miles. The population served is 1,670,000 in an area of approximately 82 square miles.

Although there is some dissatisfaction from the viewpoint of the company with regard to the rate for telephone service, there has been, nevertheless, a gratifying increase in the number of telephone users, the total now standing at about 85,000 with an average number of daily calls of 708,000. The company has nearly 4,000 miles of pole lines in an area of 64,000 square miles, with a population of approximately 6,500,000.

Brazilian Traction, together with some of its subsidiaries, has valuable rights in Brazil which have not been fully developed. With the prospect that the country will be prosperous and politically and economically stabilized, the outlook for Brazilian Traction gives the investor a greater assurance than has prevailed perhaps since before the war.

Capitalization—

	Authorized	Outstanding
Common	$110,000,000	$106,587,900
Pref. 6% cum.	10,000,000	10,000,000

Funded Debt of Subsidiaries—

Rio de Janeiro Tram, Light, Power bonds, 5%, 1st mortgage, due 1935	$25,000,000
Bonds 5% mortgage, due 1958	23,288,496
Sao Paulo Tram, Light, Power, mortgage debentures, 5%, due 1929	6,000,000
Perp. cons. debenture stock, 5%	3,999,996
Sao Paulo Electric, first mortg. bonds 5%, due 1962	9,733,333

Dividend Record—

Calendar Year	Pref.	Com.
1912	6%	1½%
1913	6	6
1914	6	6
1915-16	6	4
1917	6	1
1918-21	6	.
1922	6	2
1923	6	4
1924	6	4
1925	6	4
1926	6	5

Dividend on common increased to 1½% quarterly March, 1927.

Officers and Directors—

Sir Alex. Mackenzie, pres.; E. R. Wood, H. M. Hubbard, Miller Lash, Clarence Dillon, Sir T. White, A. W. K. Billings, J. W. McConnell, A. P. Holt, R. C. Brown, E. R. Peacock, D. B. Hanna, H. H. Couzens, Rio de Janeiro; Hon. F. H. Phippen, Sir John Aird, J. M. Smith, secretary; A. W. Adams, treasurer; D. H. Cromar, asst. sec.

Market Record—

Year	Common High	Common Low
1912	99¼	85
1913	101	80⅛
1914	92	52½
1915	59½	53
1916	62⅝	41½
1917	47¾	31¾
1918	60¼	32
1919	61	50
1920	51¼	28
1921	36	19¾
1922	50¼	27⅝
1923	53	35½
1924	55⅞	41¼
1925	84	49¼
1926	123½	80

Kaministiquia Power

Company Serving Fort William Has Had Continuously Successful Career

Kaministiquia Power Co. has acquired the undertaking and franchises of the company of similar name, and operates at Kakabeka Falls, on the Kaministiquia River about nineteen miles north of Fort William, a hydro-electric development of a rated capacity of 35,000 horsepower. The company is prosperous and growing with the growth of the community it serves and the addition of certain pulp and paper companies in the district.

The company owns in fee simple the power site. The water rights are adequate and are held in perpetuity. The power is developed under an effective head of 185 feet. The dams which supplement the natural reservoir are built on solid rock foundations, and are of concrete construction. The initial installation was in 1906, and the company has enjoyed a continuous and prosperous career. It was reorganized in 1925 to give effect to a new control. The bonds of the old company, due January 1, 1937, were called for redemption on January 1, 1926, at $105 and interest. The new bonds of $5,000,000 were issued at this time. They are due in 1950. The capital structure consists of $30,750 class A shares and $9,250 class B shares, both of no par value. The class A shares are non-voting. All the common shares are owned by the Fort William Power Co., which is the distributing company.

Capitalization—

	Authorized	Outstanding
Common (no par)		
Class "A" non-vot.	30,750 shs.	30,750 shs.
Class "B" voting	9,250 shs.	9,250 shs.
7% cum. pref.	$1,250,000	$1,250,000

Funded Debt—

1st mortgage 5½% Bonds due 1950	5,000,000	2,999,833

Dividend Record—

Preferred 7% per annum, payable quarterly, last day of Jan., Apr., July and Oct.

Officers and Directors—

George H. Mead, chairman of board; G. R. Gray, pres.; W. A. Hurlbut, vice-pres.; Sir H. Holt, J. S. Norris, N. M. Patterson, P. B. Wilson, C. H. L. Jones, T. H. Watson, S. Godin, Jr., asst. sec.-treas.

Avon River Power

Is Expanding and Earnings Are on a Satisfactory Basis

It is understood that the Avon River Power Co.'s earnings at the present time are running in excess of twice the bond interest requirements. The past year has been one of considerable expansion for the company. During 1926 it began the development of its second power site on the Avon river; the total power developed on this river is 5,000 h.p.

On July 1, the properties of the Gaspereaux River Light, Heat and Power Co. were acquired. The latter had a water power development of 1,100 horsepower on the Gaspereaux river. The company also owns the plant and property of the Windsor Electric Light and Power Company.

Wholesales Part of Output

It owns some 50 miles of main transmission lines covering the eastern section of the prosperous Annapolis valley and a considerable portion of Hants county, Nova Scotia. The power is disposed of on favorable terms to a well-diversified list of customers, in the wholesaling of power to a number of municipalities.

With the Gaspereaux property, the company acquired also a small ground-wood pulp mill, which, until then, had been forced to close down during the dry season of the year, but now, due to the linking up of the two systems, the property has been operated at capacity during the whole year. At the present time, the company is extending its lines to Walton, N. S., where it is to supply power to a new gypsum industry there.

This company, like other Nova Scotia public utilities, operates under governmental jurisdiction and is entitled to a return of eight per cent. on the fair valuation of its property.

Capitalization—

	Authorized
Common	$250,000
Preferred	250,000

(Par $100).

Officers and Directors—

W. H. Chase, pres.; C. H. Wright, vice-pres., R. A. Jodrey, man. dir., T. B. Akins, sec., G. W. Hensley.

Financial Record of Brazilian

Recent Monthly Earnings Figures

	Gross Earnings 1925	Gross Earnings 1926	Operating Expenses 1925	Operating Expenses 1926	Net Earnings 1925	Net Earnings 1926
January	$2,494,194	$3,163,670	$1,000,701	$1,371,382	$1,493,493	$1,792,288
February	2,207,359	2,893,557	923,017	1,214,770	1,284,342	1,678,787
March	2,344,123	3,077,791	998,196	1,314,448	1,345,927	1,763,343
April	2,194,295	3,021,732	946,417	1,306,360	1,247,878	1,715,372
May	2,282,198	3,381,959	959,984	1,431,282	1,322,214	1,950,677
June	2,386,113	3,487,237	1,035,668	1,449,784	1,350,445	2,037,453
July	2,560,132	3,531,663	1,169,342	1,540,857	1,390,790	1,990,806
August	2,805,346	3,476,995	1,219,516	1,514,641	1,585,830	1,962,354
September	2,846,091	3,412,431	1,331,803	1,501,080	1,514,288	1,911,351
October	3,100,963	3,200,476	1,415,220	1,417,522	1,685,743	1,782,954
November	2,911,695	3,001,416	1,357,657	1,342,265	1,554,038	1,659,151
December	3,111,251	2,953,964	1,396,833	1,497,772	1,714,418	1,456,192
	$31,243,760	$38,602,891	$13,754,404	$16,902.163	$17,489,406	$21,700,728

Profit and Loss—	1921	1922	1923	1924	1925
Revenue	$4,410,057	$7,422,897	$6,717,941	$7,771,139	$8,328,439
Other revenue	127,657	450,064	792,517	478,381	520,155
	$4,537,714	$7,872,961	$7,510,458	$8,249,520	$8,848,594
Charges	166,465	185,840	280,493	310,604	293,307
Interest	833,568	535,153	......	......	......
Reserves	......	3,000,000	3,000,000	3,000,000	3,000,000
Amortization	300,000	300,000	300,000	300,000	300,000
Dividends	600,000	2,731,511	4,862,477	4,862,788	4,863,266
	$1,900,033	$6,752,504	$8,442,970	$8,473,392	$8,456,573
Surplus	$2,637,681	$1,120,457	*$ 932,512	*$ 223,872	$ 392,021
Prev. surplus	3,082,131	5,719,813	6,840,270	5,907,759	5,683,887
Profit and loss surplus	$5,719,812	$6,840,270	$5,907,758	$5,683,887	$6,075,908

* Debit.

Earnings of Brazilian Subsidiaries

Earnings of subsidiaries and of the services are shown below:

	Year ended December 31 1922	1923	1924	1925
Milreis average, N.Y.	13.09 cents	10.36 cents	11.08 cents	12.31 cents
	$	$	$	$
Gross earnings, operation	25,506,420	24,184,761	26,936,767	31,243,759
Net earnings, operation	16,299,229	15,332,329	16,643,472	17,489,445
Miscellaneous revenue	118,022	87,635	76,301	38,061
Revenue, all subsidiaries	16,417,251	15,419,964	16,719,773	17,527,506
Bond interest, general exp. other charges	5,052,961	*4,654,983	*4,749,785	*4,391,087
Depreciation, sinking funds	5,941,393	4,047,040	4,238,848	4,807,980
Total subsidiaries charges	8,994,354	8,702,023	8,948,633	9,199,067
Brazilian traction revenue	7,422,897	6,717,941	7,771,140	8,328,439
Other income	450,064	792,518	478,381	520,155
Gross revenue	7,872,961	7,510,459	8,248,521	8,848,594
Administration, including interest on 3-year gold notes which matured Nov. 1, 1922	720,993	280,494	310,604	293,308
Amortization	300,000	300,000	300,000	300,000
Total charges	1,020,993	580,494	610,604	593,308
Net revenue	6,851,968	6,929,965	7,638,917	8,255,286

* Commencing with the year 1923 general expenses have been included in expenses of operation and, therefore, no longer appear in this account.

Growth of Brazilian Enterprise

	1922	1923	1924	1925
(Street Railway)				
Total track (miles)	411.97	414.27	417.23	422.25
Rolling stock:				
Passenger cars	1,539	1,538	1,650	1,718
Freight and service cars	302	286	285	286
Rolling stock:				
Electric loco.	4	4	4	4
Passenger cars	4	4	4	4
Freight and service cars	2	2	2	2
Buses:				
Route (miles)	2.40	2.40	2.40	2.40
Storage battery buses	7	7	7	7
Car miles run—total	44,618,420	46,197,145	46,120,480	46,484,275
Area served (square miles, approx.)	113	113	113	113
Passengers carried	454,486,999	479,527,034	498,242,281	526,240,551
(Light and Power)				
K.W. hours sold	426,918,516	468,211,051	483,240,843	479,540,843
Capacity of gen, plant (kilowatts)	125,400	125,400	169,400	210,400
Connected load (kilowatts)	326,335	340,973	378,901	403,700
Consumers	152,588	164,188	175,397	185,853
Trans. lines (miles of circuit)	968.12	973.09	1,196.17	1,299.32
Distrib. lines (miles of wire)	7,710.81	8,079.91	8,664.64	9,425.84
Area supplied (sq. miles, approx.)	2,583	2,583	2,583	2,583
(Gas)				
Gas sold (cubic metres)	57,143,781	59,457,174	65,043,651	71,019,515
Consumers	36,965	37,824	40,328	44,136
Mains laid (miles)	763.06	768.04	776.11	792.69
Stoves, water heaters, etc.	52,668	54,298	54,975	57,582
Area supplied (sq. miles, approx.)	82	82	82	82
(Telephones)				
Telephones in operation	71,514	74,359	77,977	81,752

Montreal Telegraph

The shares of the Montreal Telegraph Company have a par value of $40 each, upon which the company pays 8 per cent. annually. The price of the stock varies with the ups and downs of current interest rates, for the lines have been leased to the Great North Western Telegraph Company, now controlled by the Canadian National Telegraphs, under a lease, which expires in 1978.

The company now operating the lines, guarantees 8 per cent. on the capital of the Montreal Telegraph which is paid over annually to the company and by them to the shareholders; the proper maintenance of the lines is also guaranteed.

Capitalization—

	Authorised	Outstanding
Capital Stock	$2,000,000	$2,000,000

Shares, $40 each.

Funded Debt—

None.

Dividend Record—

Dividends 8% per annum, guaranteed by the Western Union Telegraph Co., payable quarterly, Jan., Apr., July and Oct. 15th.

Officers and Directors—

Wm. McMaster, pres., W. R. Miller, vice-pres., F. W. Molson, J. B. Paterson, H. E. Rawlings, M. P. Domville, sec. and treas.

Market Record—

Year	High	Low
1921	45	43
1922	55	45
1923	53	49
1924	58¼	48
1925	53	45
1926	51½	47

(No par value)

LEADS WORLD

Canada now leads the world in the public per capita distribution of electricity from central electric power stations.

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MONTREAL TRAMWAYS Gen. & Refdg. 5's, due 1955
JAMAICA PUBLIC SERVICE 1st 6½'s, due 1943
JAMAICA PUBLIC SERVICE 7% Preferred Stock
QUEBEC POWER 1st 6's, due Oct. 1, 1953
OTTAWA LIGHT, HEAT & POWER 6½% Pfd. Stock
INTERNATIONAL POWER 7% Pfd. Stock
INTERNATIONAL POWER 6½'s, due 1957
GATINEAU POWER 1st 5's, due 1956
GATINEAU POWER Debenture 6's, due 1941
BELL TELEPHONE OF CANADA 8% Capital Stock

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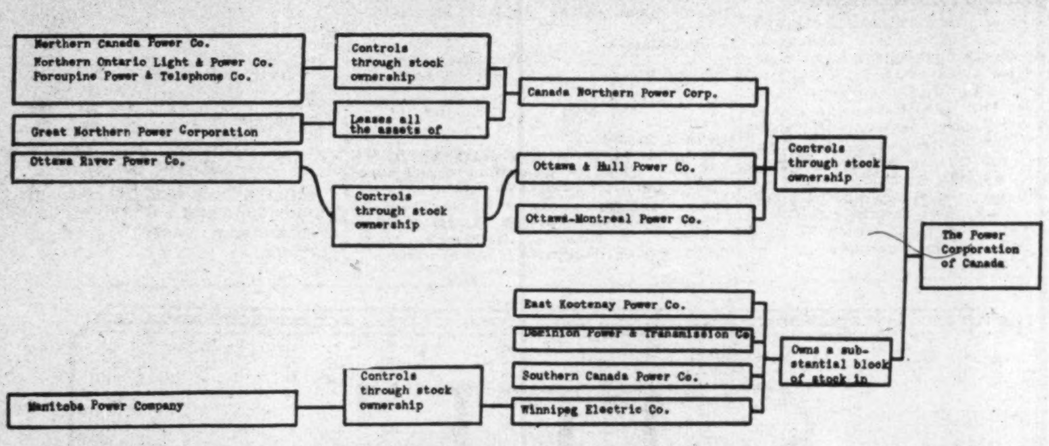

Northern Canada Power Co.
Northern Ontario Light & Power Co.
Porcupine Power & Telephone Co.
Controls through stock ownership
Great Northern Power Corporation
Leases all the assets of
Canada Northern Power Corp.
Ottawa River Power Co.
Controls through stock ownership
Ottawa & Hull Power Co.
Ottawa-Montreal Power Co.
Controls through stock ownership
The Power Corporation of Canada
East Kootenay Power Co.
Dominion Power & Transmission Co.
Southern Canada Power Co.
Winnipeg Electric Co.
Owns a substantial block of stock in
Manitoba Power Company
Controls through stock ownership

Chart Shows Relation of ubsidiaries to Power Corp. of Canada. Original company organizations are shown at left, with parent, holding company at right. Chart may be read from right to left.

Power Corporation

Issues More First Preferred Shares — Common Shareholders' Position Satisfactory for Second Preferred is Non-cumulative

The Power Corporation of Canada recently increased its capitalization by the sale of $2,500,000, cumulative, 7 per cent, preferred shares. The proceeds of this sale ultimately will be largely invested in public utility securities, but in the meantime, the money has gone into the purchase of high grade securities.

The Power Corporation of Canada was the first public utility holding company to come into being in the Dominion. Shares in the corporation were first offered the public about a year and a half ago. While it was organized primarily to acquire and hold securities of electric, power and light companies, and, in addition, to play a dominant part in the management and operation of its subsidiaries, yet the management keeps a proportion of its assets invested in gilt-edge bonds and sound investment stocks of companies other than utilities.

The corporation owns control of the following: Ottawa and Hull Power Company, Canada Northern Power Corporation and the Ottawa-Montreal Power Company.

In addition, it has substantial holdings of the stock of the following: East Kootenay Power Company, Southern Canada Power Company, Dominion Power & Transmission Company, and the Winnipeg Electric Company.

Just Starts to Operate

In an operating way, the co-operation is just getting into its stride. For the future, it should be in a position to effect many economies for its subsidiaries, amongst other means by such things as a centralized purchasing department, all of which must eventually work out to the benefit of the shareholders both of the corporation and of its subsidiaries.

Public investment interest in the corporation centres on its first preferred and common shares. The properties in which the corporation holds an interest have an installed capacity of over 300,000 horsepower, with an ultimate capacity of 600,000 horsepower, and are situated in Ontario, Quebec, Manitoba and British Columbia. One of the companies is in the precious metal mining field, another in a base metal mining field, a third in an agricultural district, while the fourth serves a large city. Thus, the earnings of the holding corporation come from widely diversified sources.

While the first annual report of the corporation showed that the earnings were not quite equal to the dividend requirements on the second preferred issue, yet, this hardly affects the value of the common stock, for the second preferred, which is all privately held, is non-cumulative, so that just as soon as the corporation earns its second preferred dividends, there will be a surplus applicable to the common stock. The time when this will take place does not seem to be far distant.

Capitalization—

	Authorized	Outstanding
Common .... (No par value)	250,000 shs.	100,000 shs.
Pref. non-cum. 6% (Par $50)	100,000 shs.	50,000 shs.
Pref. 1st cum. 6%... (Par $100)	$5,000,000	$2,500,000

Funded Debt—

None.

Dividend Record—

First pref. 6% per annum, payable quarterly. Initial quarterly dividend of 1½% paid Oct. 15, 1925.

On second pref. and common no dividends have been paid.

Officers and Directors—

A. J. Nesbitt, pres.; J. B. Woodyatt, N. A. Timmins, P. A. Thomson, J. M. Robertson, A. W. McLimont, Col. J. R. Moodie, L. C. Haskell, sec.; M. M. Cox, asst. sec.; C. Johnstone, treas.; F. D. Lamont, asst.-treas.

Profit and Loss—

	June 30, 1926
Gross revenue	$324,477
Expenses	61,491
	$262,986
Res. for taxes	16,600
Net profit	$246,386
Dividends	145,453
Surplus	$100,933

Maritime Tel. & Tel.

Earnings Are Increasing Despite Business Depression in Maritimes

While business in the Maritime Provinces has been stagnant during the past few years, naturally the business of the Maritime Telegraph & Telephone Company has been affected, and while in 1924, for the first time in ten years the gross revenue fell off as compared with the preceding year, yet in 1925 and 1926 earnings have again taken the upward road.

The company is in a good financial position, and, as in the case of all other Nova Scotia utilities, it is entitled to earn 8 per cent. on the value of its property after the payment of all reasonable expenses.

It operates the telephone system in the province of Nova Scotia, and is affiliated with the Bell Telephone Company of Canada, which owns a block of its common stock. It owns also the Eastern Telegraph and Telephone Co., which owns and operates the telephone system in the neighboring province of Prince Edward Island.

Capitalization—

	Authorized	Outstanding
Pref. 6 per cent. Series "A"	$1,000,000	$1,000,000
Pref. 7 per cent. Series "B"	2,000,000	1,500,000
Common .... (Par $10).	1,000,000	850,000

Funded Debt—

	Authorized	Outstanding
1st mtge. 6's, due 1941	$1,500,000	$1,500,000
Refund mtge., 5's, due 1956	1,500,000	1,000,000

Dividend Record—

Dividends on pref. "A" and "B" have been paid regularly, quarterly.

Initial quarterly com. dividend of 1 per cent. was paid for quarter ended June 30, 1912, and continued to July 1, 1913, when the rate was increased to 1½ per cent. quarterly.

Officers and Directors—

O. E. Smith, president; G. E. Faulkner, vice-pres.; J. H. Winfield, man. dir., A. MacKinlay, E. L. Macdonald, G. F. Pearson, Halifax, N. S.; C. F. Sise, J. E. MacPherson, Montreal; Chas. H. Miachell, T. N. Goudge, se.-treas.; W. R. Hayes, gen. manager; C. A. B. Bullock, comptroller.

Profit and Loss—

	1924	1925	1926
Oper. rev. ...	$1,477,025	$1,496,416	$1,534,021
Non-op, rev...	......	32,892	34,903
	$1,477,025	$1,529,308	$1,568,924
Expenses	1,077,008	995,851	1,021,848
Oper. taxes ..	......	82,999	88,195
Gross inc. ...	$ 400,017	$ 450,458	$ 458,881
Rents, etc. ..	......	10,627	13,427
Interest	156,697	154,167	134,247
Net inc.	$ 243,320	$ 285,664	$ 311,207
Income tax ..	25,446	27,231	25,976
Dividends	216,000	216,000	220,360
Balance	$ 1,874	$ 42,433	$ 64,871
P. & L. Bal. Forward ..	17,977	12,661	47,904
	$ 19,851	$ 55,094	$ 112,775
Amount of Sec. Discount ..	7,190	7,190	10,357
Tax Adj., 1925	......	......	*1,388
P. & L. Bal.	$ 12,661	$ 47,904	$ 104,306

*Credit.

The growth of the company's business over the past ten years is seen in the following table:

Year	No. of Telephones	Gross Revenue	Total Assets
1917	22,173	$ 813,483	$4,539,743
1918	24,636	953,847	4,146,163
1919	26,406	1,209,472	5,697,962
1920	29,163	1,417,430	6,318,255
1921	30,421	1,469,999	7,289,774
1922	31,183	1,487,712	7,440,580
1923	31,977	1,531,470	7,590,[illegible]
1924	32,745	1,477,026	7,686,871
1925	33,052	1,529,670	7,613,870
1926	33,917	1,568,924	8,184,942

Detroit United

No Ray of Light Pierces Shareholders' Gloom — Outlook Unsatisfactory

Detroit United Railways still languishes with its bond interest unpaid in the hands of the receiver. Little information regarding the company is forthcoming, but it is understood that the outlook for the shareholders of the company is just as unsatisfactory as ever.

The D. U. R. went into receivership due to low earnings and a top-heavy financial structure. Further financing was impossible due to the many and varied bond issues outstanding. Everything seems to point to the fact that the shareholders will probably not receive anything for their property. The company operates suburban lines out of Detroit and operates subsidiaries, such as amusement companies.

Officers and Directors—

A. E. Peters, president; Chas. Laurendeau, vice-pres.; Sir T. Tait, E. J. Burdick, vice-pres. and manager; J. Bampton, treas.; M. A. Stewart, asst. sec.; J. S. Archibald, Tancrede Bienvenu, G. M. Bosworth, E. E. Decay, L. A. Gosselin, G. H. Smithers.

Capitalization—

	Authorized	Outstanding
Common stock	$25,000,000	$15,[illegible]

Funded Debt—

4½% bonds, due 1932	$11,[illegible]
Underlying bonds on property ..	[illegible]
6% first mtge. gold bonds	[illegible]
Underlying bonds of subsidiary companies	[illegible]
Gen. equipment trust certificates "A" due 1934	1,[illegible]

Dividend Record—

Year		Year	
1901	4%		
1902	4	1915	[illegible]
1903	4	1916	[illegible]
1904	4	1917	[illegible]
1905	4½	1918	[illegible]
1906	5	1919	[illegible]
1907	3¾	1920	[illegible]
1911	5	1921	[illegible]
1912	5	1922	[illegible]
1913	6	1923	[illegible]
1914	6	1924	[illegible]

Market Record—

	Common	
Year	High	Low
1912	76½	[illegible]
1913	80½	[illegible]
1914	73¾	[illegible]
1915	73	[illegible]
1916	128½	[illegible]
1917	128	[illegible]
1918	..	..
1919	113	[illegible]
1920	113¾	[illegible]
1921	96	[illegible]
1922	73	[illegible]
1923	79½	[illegible]
1924	72⅞	[illegible]
1925	29	[illegible]
1926	3½	1

Profit and Loss—	1919 $	1920 $	1921 $	1922 $	1923 $	1924 $
Gross earnings	24,683,038	28,986,228	23,329,068	13,184,771	8,863,599	[illegible]
Operating expenses	19,792,528	25,025,165	19,428,779	10,098,489	7,243,270	[illegible]
Net earnings	4,890,510	3,961,063	3,900,289	3,086,282	1,620,328	[illegible]
Other income	546,406	676,118	716,224	1,064,574	873,582	[illegible]
Gross income	5,436,916	4,637,181	4,616,513	4,150,856	2,493,90	1,777,1[illegible]
Inc. from bonds	....	....	....	....	78,784	....
	5,436,916	4,637,181	4,616,513	4,150,856	2,572,694	1,777,1[illegible]
Interest and taxes	2,868,250	3,003,606	3,351,068	2,222,981	1,630,264	[illegible]
Dividends	1,200,000	1,200,000	675,000	230,275	921,351	[illegible]
Dep. reserve	950,000	400,000	400,000	250,000	....	....
Surplus	418,865	33,575	190,445	1,447,600	21,079	x [illegible]
Rate % earned	10.79	8.21	3.68	10.09	5.6	....

xDeficit.

Hydraulic Turbines

Over 1,090,000 H.P.

of I. P. Morris and Pelton Hydraulic Turbines have been constructed for the following Companies since 1921:

Powell River Co.
Quinze Power Co.
Manitoba Power Co.
Price Brothers & Co.
Laurentide Power Co.
St. Maurice Power Co.
North Shore Power Co.
Aluminum Co. of Canada
East Kootenay Power Co.
Lower Sturgeon Power Co.
Abitibi Power & Paper Co.
Southern Canada Power Co.
Northern Canada Power Co.
Canadian Light & Power Co.
Shawinigan Water & Power Co.
Canadian International Paper Co.
Montreal Light, Heat & Power Co.
Northern Ontario Light & Power Co.
Hydro-Electric Power Commission of Ontario.
Maine & New Brunswick Electric Power Co.
Granby Consolidated Mining, Smelting & Power Co.
Quebec Southern Power Corporation.
Sherbrooke Land and Water Power Co.
Dryden Paper Co.
Spruce Falls Co.
Hollinger Consolidated Gold Mine.
International Nickle Co.
Rolland Paper Co.
Canadian Pacific Railway Co.

Built by

H-17

DOMINION ENGINEERING WORKS LIMITED
MONTREAL · CANADA

Associated Companies

The William Cramp & Sons Ship and Engine Building Co., Philadelphia.
The Pelton Water Wheel Company, San Francisco and New York.

CANADA'S FINEST INDUSTRIAL CENTRE

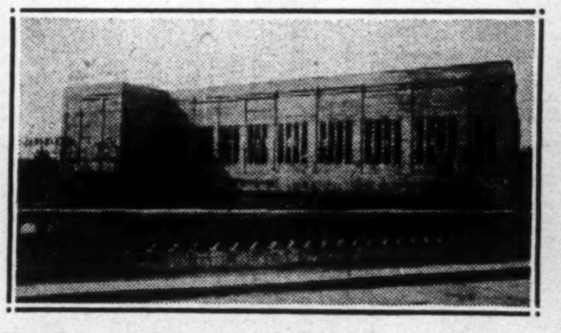
THE EASTERN TOWNSHIPS OF QUEBEC

— where labor conditions are the best on the continent.

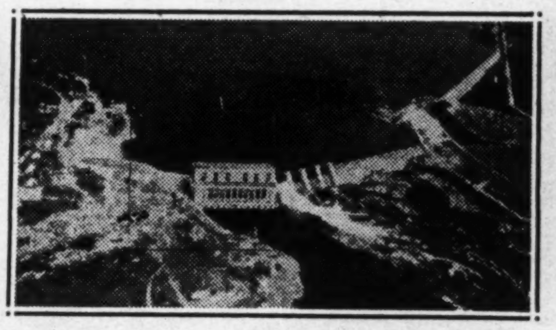
— where railway facilities are unexcelled — territory near the U.S. border, close to the metropolis.

— where unlimited, reliable power is to be had at moderate price.

— where taxes are low and municipalities work WITH instead of AGAINST the industries.



The Enlarged Drummondville hydro-electric development of the Southern Canada Power, with a generating capacity of 24.000 h.p.



The Hemmings Falls hydro-electric development of the Southern Canada Power, with a generating capacity of 33.6000 h.p.

—POWER — the foundation upon which rests the industrial progress of any district—is developed by the Southern Canada Power and distributed to 83 communities of 12 counties, having an area covering 6,000 square miles in the Eastern Townships.

The high tension transmission system of the Company, with its hundreds of miles of line forms a network connecting its huge powers with sub-stations and assures the best possible service on equal rates and terms to all communities, large and small.

Over $20,000,000 has been invested in the development of Electric Power in the Eastern Townships. 60,000 h.p. are at present developed by the Southern Canada Power and 140,000 h.p. more are available for development to take care of the future industrial expansion of the territory served by this progressive Company.

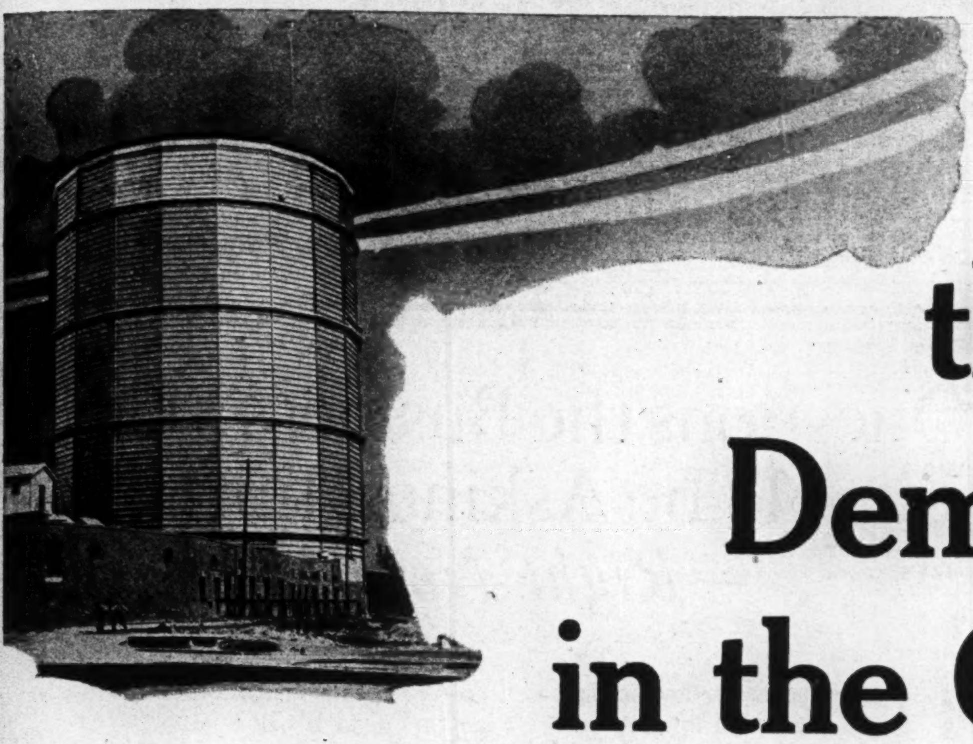
The Southern Canada Power maintains an efficient industrial department charged with the duty of helping industries to locate in the territory in which it operates. Through its efforts, over 30 new industries, representing a capital of over $32,000,000, have, in recent years, located in the Eastern Townships, where they distribute an annual payroll of well over $5,000,000 to more than 6,000 contented employees.

A quantity of Locations and Sites, to meet manufacturers' requirements, are available at nominal and reasonable prices.

Taxes are based on assessments fixed with the object of fostering and assisting manufacturers to develop the District.

Maps and full information regarding the Eastern Township, labor costs, sites, shopping facilities, etc., cheerfully sent without cost or obligation. Just write to

SOUTHERN POWER CANADA
COMPANY LIMITED
330 CORISTINE BLDG. MONTREAL



To Keep Pace With the Steadily Growing Demand for Gas Service in the City and District

THE Consumers' Gas Company of Toronto

have erected a waterless gas holder. Situated at the manufacturing plant at Station "A", Front and Parliament Streets, its immense bulk makes a new landmark in the community. It is built to hold four million (4,000,000) cubic feet of gas. The erection of the new holder is in keeping with the policy of the Company and is indicative of its constant progress.

THE Consumers' Gas Company has an up-to-date display room where there is on constant exhibit all that is most modern in domestic gas appliances. These appliances are of standard quality and are the result of determined efforts to provide what is best for the consumers.

Not the least interesting feature of this exhibit are the gas-fired furnaces for use in heating the home. These are made for the different systems:—Warm air, steam and hot water. As the use of gas-fired furnaces increases, the increased load will benefit the company, and, at the same time, the users of the gas for home heating will be the gainers in health and comfort.

Blast Gas Fire for Varnish Boiling.

REALIZING the reliability of gas as a fuel, and encouraged by the patronage of those engaged in industry, the gas company maintains a special department devoted to the cause of better service and the discovery of better ways of using gas in industry. By means of this department a connection is established with the factories of the city.

THE Hotel Division takes care of the cooking needs of the cafes, cafeterias, hotels, and institutions of the city and district. The many large installations made in hotels and hospitals of the city testify to the efficiency of gas as a fuel, and also to the care used in selecting the appliances and installing them.

Directors of the Company

A. W. AUSTIN, President
F. LeM. GRASETT, M.D., Vice-President
A. R. AULD
A. H. CAMPBELL
L. GOLDMAN
LIEUT.-COL. J. F. MICHIE
W. MULOCK, K.C.
F. G. OSLER
T. H. WOOD
HIS WORSHIP THE MAYOR
ARTHUR HEWITT
General Manager
JOHN J. ARMSTRONG
Secretary

At a Heat Treating Gas Furnace.

The Plant and Properties of the Compauy

The plant of the company is divided into three units. Station A comprises an area of 10 acres of very valuable property, close to the heart of the city.

This plant has a manufacturing capacity of 10,000,000 cubic feet of gas per day. Station B covers a property of 32 acres. On this property is erected one of the most modern and highly efficient gas works on the continent, with a daily capacity of 12,000,000 cubic feet. Station C is a holder station for supplying the western and northern sections of the city. The company has acquired land on Weston Road, West Toronto, for plant extension purposes.

In addition the company has valuable properties in the heart of the city for office, retail sales and repair work.

Montreal Power

Has Magnificent Record and Future Depends on City's Growth, Which Seems Assured — Company Has Large Expansions in View

Montreal "Power's" Record

Year	Population	Gross income	Rates for electric lighting per kw. hr.	Gas customers	Electricity customers
1902	333,861	$1,760,285	13.50	25,247	5,611
1903	360,000	1,937,561	12.75	28,395	10,373
1904	373,000	2,589,447	12.75	30,638	11,176
1905	385,000	2,901,265	12.75	34,039	12,191
1906	405,000	3,186,103	12.75	37,999	12,937
1907	434,000	3,453,490	12.75	42,452	13,994
1908	454,000	3,792,218	12.75	47,177	15,016
1909	476,334	4,079,769	10.00	52,290	16,473
1910	507,000	4,240,946	9.00	57,046	19,367
1911	554,000	4,404,126	7.50	63,575	24,222
1912	602,437	4,969,255	7.00	71,948	32,000
1913	652,533	5,509,557	6.40	82,335	43,591
1914	690,217	6,245,697	6.00	90,148	56,029
1915	713,700	6,617,105	6.00	94,817	65,476
1916	733,200	6,877,168	5.00	100,348	77,760
1917	757,996	6,783,840	5.00	106,629	89,564
1918	729,102	10,390,684	5.00	110,864	99,356
1919	763,164	10,939,273	4.80	113,747	111,360
1920	801,216	12,748,410	4.80	117,207	123,078
1921	839,704	13,289,965	4.80	118,542	131,006
1922	863,188	14,431,323	4.80	122,689	140,445
1923	941,529	16,140,961	4.25	127,083	150,056
1924	979,027	17,394,092	4.00	134,978	175,315
1925	1,028,000	18,348,806	3.50	144,201	187,284
1926	1,050,000	18,907,382	3.50	153,506	196,992

Always a favorite with the investor, the shares of the Montreal Light, Heat & Power Consolidated have perhaps more investment interest to-day than ever before. The chief reason for the popularity of the stock lies in its magnificent record over a period of many years, the able management of the company and the satisfactory outlook for the city and island of Montreal, the territory served by the company.

But the changes in the capitalization of Montreal "Power" also helped to increase the popularity of the shares. In 1926 the capitalization was approximately cut in half by the issuance of $30,000,000 in bonds and the remainder of the capitalization is made up with common shares of no par value. Thus, for the future, half the capitalization will bear the low 5 per cent. interest rate. Earnings after fixed charges will be applicable to the new common shares.

The territory served comprises the island of Montreal, where there is a population of more than 1,000,000 to be supplied with electricity and with gas. The present approximate electricity requirements of the island amount to some 300,000 horsepower, but the resources of the company can provide 500,000 horsepower; thus, it is in a good position to meet the steadily expanding power demand in its territory. Of its power resources, 290,000 horsepower is produced by its constituent companies, the balance is purchased under favorable long term contract with the Shawinigan Water & Power Company, or its subsidiaries.

Capitalization—

	Authorized	Outstanding
Common (No par value).	2,558,163 shs.	2,041,837 shs.

In July, 1926, each share of $100 par value common stock was exchanged for 3 new shares of no par value common and one new share of 6 per cent. redeemable preferred stock of $50 par value. On Nov. 1, 1926, the preferred stock was redeemed at $50 per share.

Funded Debt—

Montreal L. H. & Pr., 5% 1st refund, and Coll. Trust gold bonds, series "A", due 1951	$30,000,000
Montreal L. H. & Power, Lachine, 5% sink. fund, due 1933	2,861,000
Cedar Rapids Mfg., 5%, 1st mtge., due 1953	14,597,200
Provincial L. H. & Pr., 5%, 1st mtge., due 1946	1,152,000
Montreal L. H. & Pr., 4½%, 1st collateral trust, due 1932	7,500,000

Dividend Record—

An old stock of $100 par value, initial dividend of 1% paid Nov. 1916, and quarterly to Aug., 1919, when rate was increased to 1¼% quarterly; increased to 1½% quarterly, Feb., 1924; increased to 2% quarterly, May, 1925, and paid quarterly to Aug. 15, 1926.

On new no par value, payable 50c. quarterly. Initial dividend paid Nov. 15, 1926.

Officers and Directors—

Sir Herbert S. Holt, pres.; J. S. Norris, vice-pres.; J. E. Aldred, Sir H. Montagu Allan, C.V.O., George Caverhill, C. R. Hosmer, T. B. Macaulay, G. H. Montgomery, K.C., Hon. N. Perodeau, Hon. H. B. Rainville, Sir Lomer Gouin, K.C., J. W. McConnell, C. S. Bagg, sec.-treas.

Market Record—

Year	High	Low
1916	83¼	79
1917	83	68½
1918	88½	68½
1919	95	84½
1920	90	76
1921	89½	77½
1922	104¾	85
1923	143¼	103¾
1924	188	140⅛
1925	220	152
1926	240	209
1926*	75	59

*Shares of no par value.

Capacity of Plants

The power production of Montreal "Power" is as follows:

Cedar Rapids, 220,000 horsepower.
Soulanges, 15,000 horsepower.
Chambly, 15,000 horsepower.
Lachine, 15,000 horsepower.
Ville La Salle, 25,000 horsepower.

The last station is operated by steam and is used as a reserve station. The company's efficient gas plant can produce 7,000,000,000 cubic feet of gas per annum, which compares with the demand in its territory of something under 5,000,000,000 cubic feet of gas.

The history of the company has been one of constant expansion—a factor of no mean importance when viewed from a market angle. At the present time, it is understood that Montreal "Power," co-operating with United States interests, is planning to erect a large coking plant which will, as a primary product, produce a fuel which will fulfil the same functions as anthracite. In addition, from the proposed plant, there will be produced gas as a by-product which will be utilized in the company's gas mains; there will also be a large production of valuable tars and tar oil, for which there exists a ready market.

Further Power Projects

Then again, there is the Carillon power development on the Ottawa River, which will produce some 300,000 horsepower, and which it is understood that Montreal "Power," Shawinigan and perhaps the Ontario Hydro-Electric interests will develop jointly, as soon as a satisfactory understanding regarding the site is arrived at with the federal government.

The company maintains excellent relations with its employees, and last year distributed in a customer-ownership campaign shares to a large number of its customers in Montreal.

The future of the company depends upon the demand for power from the island of Montreal. Due to the strategic location of the city, Montreal seems always destined to remain the metropolis of Canada, and, in the future, as in the past, its growth will probably be greater proportionally than that of the Dominion as a whole. Thus, the outlook for the stock seems to be more than satisfactory.

Montreal Light, Heat & Power Consolidated, jointly with the Shawinigan Water & Power Co., in 1924, acquired control of the Montreal Tramways Co. and several other public utility properties. These subsidiaries to-day either provide Montreal "Power" with an outlet for its energy or provide it with increased power. The Montreal Tramways is controlled by the United Securities. Montreal Power and Shawinigan own more than 50 per cent. of the outstanding stock of the latter.

A record of the company's growth since 1902 is contained in the tabulated figures accompanying this review.

Profit and Loss—

	1921 $	1922 $	1923 $	1924 $	1925 $	1926 $
Gross revenue	13,289,965	14,431,323	16,140,960	17,394,092	18,348,806	18,907,382
Exp. and taxes	6,549,933	6,504,718	7,113,950	7,984,493	8,623,899	8,322,956
Dep. and renew.	1,328,997	1,443,132	1,614,096	1,739,409	1,834,880	1,890,738
Net revenue	5,411,035	6,483,473	7,412,904	7,670,190	7,890,027	8,693,688
Fixed charges	1,188,293	1,214,785	1,211,654	1,209,778	1,213,650	1,611,121
Net income	4,222,742	5,268,688	6,201,250	6,460,412	6,676,377	7,082,567
Dividends paid	2,689,741	2,690,398	3,231,767	4,524,904	4,256,639	5,135,041
Dividends accrued	537,948	646,069	754,041	....	862,452	....
Surplus	995,053	1,932,221	2,215,441	1,935,508	1,557,286	1,947,526
Ap. for pensions	20,000	20,000	20,000	20,000	20,000	20,000
Insurance reserve	....	....	....	150,000	....	58,044
Trans. to gen. surplus	*975,053	*1,912,221	*2,915,442	1,765,508	1,537,286	1,869,482
Rate % earned	6.51	8.12	9.59	9.96	10.40	†3.46

*Subject to income tax.
†Shares of no par value.

Mackay Company

President Expresses Belief That Beam System Will Not Harm Cable Service

The Mackay Company, in which there is a large Canadian investment interest, is a voluntary association organized in Massachusetts by an agreement and declaration of trust executed in 1903. The company owns the $25,000,000 capital stock of the Commercial Cable Co., and the whole or a large portion of the stock of a number of other companies, including the Postal Telegraph Cable Co., which operates a land line in the United States in competition with the Western Union. This company has a direct connection with the Canadian Pacific Telegraph Co. of Canada.

Investors in the shares of telegraph companies have been concerned recently with the development of the system of trans-Atlantic communication by wireless. Clarence H. Mackay, head of the Mackay Company, took occasion at the annual meeting in Boston recently to point out that the prosperity of cable companies is not likely to be affected adversely by the development of wireless. In this connection it is perhaps well to remember that the development of the land telephone has in no wise interfered with the prosperity of the telegraph companies using the Morse or similar system. Mr. Mackay predicts that development of the wireless in trans-Atlantic communication will in fact encourage the use of the telegraph since the telegraph has its obvious advantages in some particulars.

No Recent Borrowing

The Mackay Company is a holding company which is soundly financed. The president pointed out at the annual meeting that there have been no new securities issued in more than twenty years, and that the consolidated current assets of the company at the present time, the greatest portion of which are represented by readily marketable securities and cash, aggregate $24,000,000, while the current liabilities amount to only $2,500,000.

All capital expenditures in the last twenty years have been provided from reserves and earnings. In the last six years more than $25,000,000 was spent for new cable, pole lines and wires, in addition to operating equipment. It is expected that the benefits of the additional capital expenditures will show more particularly in the report for 1927 and later years. The capacity of the ocean cable has been increased more than 35 per cent. in recent times.

It is the policy of the company to take only sufficient money from its subsidiary organization to pay dividends and operating expenses with a small balance remaining. It is noteworthy, incidentally, that the revenue of the company is considerable from the usage or lease of telegraph lines for long distance telephone communication. This telephone communication does not interfere in the least with the operation of the line for telegraph purposes.

F. G. Osler, of Toronto, was elected a trustee at the meeting held in Boston recently.

Capitalization—

	Authorized	Outstanding
Common	$50,000,000	$41,380,400
Preferred	50,000,000	50,000,000

Shares $100 each.

Funded Debt—

None.

Dividend Record—

Dividends on preferred 4 per cent. payable quarterly, Jan., Apr., July and Oct. 1. Common 7 per cent. payable quarterly. Increased to 4 per cent. July, 1906; 5 per cent. Jan. 1910; 6 per cent. April., 1917; 7 per cent. Jan., 1923; 10 per cent. bonus paid Jan., 1923.

Officers and Directors—

C. H. Mackay, pres., W. J. Deegan, vice-pres.; M. W. Blackmar, treas., Sir. T. Skinner, Bart., F. G. Osler, C. H. Sabin, L. L. Clarke, Hon. F. L. Polk, M. S. Paton, C. R. Hosmer, J. Goldhammer.

Profit and Loss—

	1924	1925	1926
Income	$4,787,286	$4,801,207	$4,922,811
Expenses	173,954	184,937	296,640
Divs.	4,601,561	4,605,701	4,611,111
	4,775,515	4,790,638	4,907,751
Balance	11,771	10,569	15,060
Prev. bal.	2,123,001	2,134,772	2,145,341
	2,134,772	2,145,341	2,160,401

WATER POWER DOMINATES

The total horsepower installed for all uses in Canada, excluding steam railways, at the close of 1926 is as follows:

	Horsepower	% of total
Water power	4,556,000	80
Fuel power	1,139,000	20
	5,695,000	100

This is equivalent to fifty-seven one hundredths of a horsepower per capita, a figure only slightly exceeded in the United States.

Questions the Business Man Should be Asking Himself —Right Now!

HAVE you called a meeting of your employees and talked to them seriously on their responsibility (and yours) for increasing sales in 1927? Does each man understand that he will be held responsible for results in his territory? Is he free to use Long Distance to increase his sales?

Or are you asking for results without giving your men the means to get them—quickly and economically?

To-day speed has become an all-important factor in business success. More and more merchants are learning that they cannot compete unless they use Long Distance freely. Firms who last year hardly used Long Distance at all now tell us they would not know how to do without it.

We are being called upon to-day by these same firms to make intensive studies of their business, to show them how they can cut down costs by using Long Distance more.

If you will ask us to make a survey of your telephone methods—without charge—it may very likely help you to reap a richer harvest in 1927.

W. J. CAIRNS,
Division Manager

Communication Begets Unity

One cannot imagine nations trading together unless there are means of communication — talking — between them.

Easy, quick, low priced means of communication are at the foundation of commercial development as of political growth.

But for the existence of such means of communication between the Confederated Provinces, Canada would not be the solid, homogeneous, political and commercial entity she is.

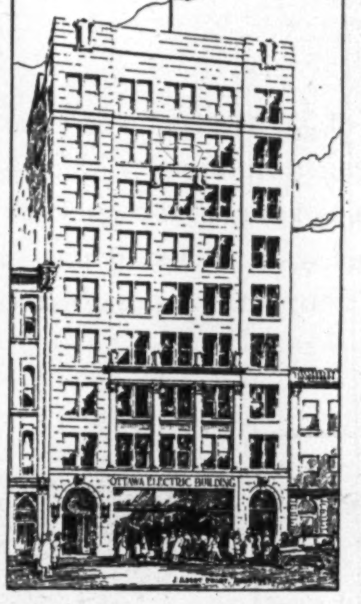
In developing the means of rapid, effective, cheap communication between Canada, East and West, North and South, the Telephone Systems of the Dominion have done yeoman service by the development of inter-provincial trade in increasing the solidarity of the Dominion, and, in so doing, in making ever surer the position of our Great Empire in the commercial world.

The Maritime Telephone Company, small as it is comparatively, claims to have cultivated, not without success, its own corner of the vast vineyard of international communication.

Sentiment is doubtless the tie that binds the component parts of the Empire together. That tie will be all the stronger if reinforced by enlightened mutual self-interest among the kingdoms, dominions, colonies and dependencies that comprise the British Empire.

MARITIME TELEGRAPH & TELEPHONE
COMPANY, LIMITED
Halifax - Nova Scotia

—Expansion!



Above is pictured our new home—"The Ottawa Electric Building"—which will be ready for occupancy in October of this year.

Nine storeys high and with a frontage of 66 feet it will extend the full width in from Sparks to Queen Streets.

Modern in every detail of design, this will be one of the best appointed buildings in Canada.

IT IS aptly said that "Public Utilities are the heart of a community. No city can grow more rapidly than its public utilities."

The Ottawa Light, Heat and Power Company has always been in the vanguard of Ottawa's growth. It has provided from its early activities that progressive service which has not only been in advance of requirements but which has made steady and uninterrupted the growth of the city it serves.

The company's lighting and gas service is reliable, constant and economical. Power supplies for industry are continuous, efficient and will take care of expansion needs for some years to come.

Today there is another evidence of the company's growth — the new and beautiful office building, located in the heart of the business section and providing for Ottawa a structure in which the city may justly share our pride.

The "Ottawa Electric Building," as it will be called, is another monument to the energy and foresight of those courageous spirits to whom the company owes its existence.

The Ottawa Electric Co. The Ottawa Gas Co.

The Ottawa Light, Heat and Power Co.
OTTAWA Limited CANADA

Part Two Featuring Utility Investments

THE FINANCIAL POST

The Canadian Newspaper for Business Men and Investors

Pages 33-48 PUBLICATION OFFICE: TORONTO, MARCH 4, 1927 Pages 33-48

Alberta Leads Canada In Natural Gas Output

Ontario Still is Large Producer But Total Declines — New Industries Have Been and Will be Attracted to West Through Cheap Gas

Unlike artificial gas, the cost of natural gas to the consumer depends entirely on the overhead and maintenance costs, including drilling expenses, required. The cost of artificial gas depends principally on the cost of coal to which is added the overhead and maintenance expenses.

The low cost of natural gas, coupled with the belief that the supply was inexhaustible, led to many abuses in the past and especially in Western Ontario, where the earliest Canadian wells were drilled, the supply was frequently wasted.

In Ontario, production of gas is principally concentrated in the fields in Lambton, Trent, Essex, Norfolk, Haldimand and Welland counties. The peak production in these areas was reached in 1917, when about 20,000,000,000 cubic feet were sold.

Search is Increasing

Of late, there has been an increased search for the supply of raw gas, with the result that rates have increased somewhat. The rates now run from 35 cents to $1.20 per thousand cubic feet, as compared with about $1.70 per thousand cubic feet for the cost of artificial gas. Toronto, however, enjoys a lower rate than this, due to the shorter rail haul of its coal requirements and to an efficient gas company.

In Ontario, there are just over 2,000 gas wells producing, and as old wells peter out, new ones are brought in. However, the output is slowly declining and unless new fields be discovered in the province it seems likely that this decline will continue.

Situation in Alberta

In Alberta, the situation is reversed. The production is increasing. There are also large areas in the province which are recognized as potential gas well fields, although they have not all been developed.

Already many areas have been proved in this province and productive fields are located around Medicine Hat, Bow Island, Burdett, the Turner Valley and other points. In addition, there is an area close to the Montana border where is located the Rogers-Imperial well, which is said to be the largest gas producer in Canada. It has an open flow of 20,000,000 cubic feet per day at a pressure of 1,180 pounds per square inch. The gas from this well is not being used, as there is no local demand. No pipe lines have been laid. Then, there is the Wainright area in which the development of a market for the gas is awaited. The Edmonton market is supplied by the closer and highly-productive Viking field.

Discovered 40 Years Ago

Natural gas was discovered in Alberta in 1885, when a well, being drilled by the C.P.R., for water, at Alderson, 35 miles north-west of Medicine Hat, struck gas. In 1890, while prospecting for coal, a well was drilled within the city limits of Medicine Hat and encountered gas at 650 feet. In 1905, the main gas sand was encountered at 1,000 feet. Medicine Hat quickly saw the possibilities of the uses of cheap gas in industry and this important development was responsible in a large measure in the establishment of industries attracted there by this cheap fuel. Since 1904, 28 wells have been drilled, 17 by the city of Medicine Hat and the remainder by industrial firms.

Supply is Plentiful

The supply of natural gas in the West is plentiful, so much so that the Canadian Western Natural Gas, Light & Power Company recently submitted a proposition to supply the city of Regina, which is located over 300 miles east of the Foremost and Burdett field. At a price of 46 cents per thousand cubic feet, the company last year supplied Calgary and the towns along the pipe-line with 2,600,000,000 cubic feet.

With the search for oil proceeding apace in Western Canada, new gassers are being brought in constantly. There are immense reserves of gas and the North-Western Utilities Company, for instance, states that the reserves in the Viking field, are conservatively estimated at six billion cubic feet of gas.

In 1925 Alberta had 86 producing wells and for the first time led the other provinces in the amount of natural gas produced in the year.

The third remaining province in Canada in which natural gas is produced in any quantity is New Brunswick, which has an output of some 640,000,000 cubic feet as compared with 9,000,000,000 in Alberta and some 7,000,000,000 in Ontario annually.

The producing field in New Brunswick is about nine miles east of Moncton, in Albert County, and active developments in this area began as long as 120 years ago. These communities enjoy a rate of about 50 cents per thousand cubic feet and about 70 wells have been drilled; about half of these yield natural gas. This area produces petroleum also.

Resources of Maritimes Aren't Nearly Exhausted

Storage Dams Increase Potential Power Resources Very Largely — Present Projects in New Brunswick of Some Magnitude

Since the days of the early settlers, water power has always played an important part in the lives of the inhabitants of the Maritime provinces. Innumerable small rivers and small streams have been the scene at one time or another of sawmills, grist mills or other power-using properties.

The figures show that these three provinces have available for commercial development, over 250,000 horsepower and it is said that this figure could be doubled. However, the Dominion Water Power Branch works out only a figure of 75,000 horsepower as the minimum available under present conditions throughout the full year.

Excluding Prince Edward Island, where the power sites are small and few, the moderate development of water power in Maritime provinces, totaling 112,000 horsepower, is not due to lack of water power resources. This is evidenced in the figures available from and compiled by the federal government. It is probable that an abundance of coal has been one of the factors which has held back water power development in these provinces. But with the rising cost of coal and the greater knowledge of the resources available, there has come a decided increase in the water power construction in the Maritimes.

There are two projects, one underway, and the other in view, and both located in New Brunswick, which, when completed, will add very materially to the total of the Maritime Hydro-Electric power installations.

The project in view is that of the Bathurst Company on the Nepisiguit river, which is capable of a development of some 40,000 horsepower and which will be made possible through the erection of storage dams. The large development, now underway, is that of the St. John River Power Compan, a wholly-owned subsidiary of the International Paper Company.

The power resources and the power available in the three Maritime provinces are as follows:

	Min. available thro'out full year	Instal'd Capacity of plants	Commer. Devel't possible
Nova Scotia	50,400	45,006	120,800
New Brunswick	20,800	67,927	128,300
P. E. I.	3,000	2,274	5,306

Compared with Central Canada it will be seen that the power resources of the Maritimes are comparatively small—but the foregoing figures hardly represent the entire power potentialities of these provinces.

Resources Are Larger

In the first instances it will be seen that when the Saint John river and the Bathurst Company developments have been completed the installed capacity of the plants will be well in excess of the possible commercial development in New Brunswick.

The difference between the figures and the actual potential development lies in the fact that by the erection of storage dams the power resources of these provinces can be largely increased. Then again the high tides of the Bay of Fundy provide a source of power for both New Brunswick and Nova Scotia. Even to-day plans have already been worked out for tidal developments which would provide many more thousands of horsepower. Such developments could only be carried through at certain points on the coast where the lay of the land, or rather the coast line, makes such projects an economic possibility. From the tides it will probably never be possible to erect small power developments, and the reason why the tides have not been used lies in the fact that there is not a market for power sufficiently large to take care of the output which would be produced from those locations where such developments are possible.

Quebec Southern Acquires L'Annonciation Hydro Plant

The latest acquisition of the Quebec Southern Power Corp. is La Compagnie Hydro-Electrique L'Annonciation. This company operates a hydro plant and distribution system at L'Annonciation, on the Rouge River, between Mont Laurier and Labelle on the Laurentian division of the C.P.R. The parent company will continue to operate the present plant until its main transmission lines, which are now erected as far as St. Jovite, are extended further northward.

This brings the number of plants operated by the Quebec Southern Power Corporation up to four and brings the total number of communities served to forty-four.

Giant Advertising Campaign to Increase Power Demand

Not only does the demand for power automatically increase, but those in the industry itself are doing all within their power to increase the demand. A group of the major electric appliance manufacturers in the United States have just combined, and for the next seven years these manufacturers will spend annually the huge sum of $10,000,000 in a giant advertising campaign.

The reverberations of the campaign will be most noticeable in Canada, due to the large circulations which United States periodicals have built up in this country. The Canadian power companies are aware of this development and will take advantage of the campaign once it begins, by advertising also. There is no doubt whatever that the result will be a much increased demand for what the companies find is the most profitable end of the power business, that of supplying power to the householder.

But other sales avenues are being probed too. It is not so long ago that hardly a farm in Canada had a supply of electric current. To-day the situation is radically changed. More and more farmers are operating their farms with electricity and the power companies are more and more developing this field which so long has lain untilled. The trend throughout the whole world is toward the further electrification of the rural districts—a trend which first made its appearance in this country.

Exclusive Features Make Utility Securities Sound

Power, Gas and Tramways Issues Are Not Comparable to Those of Industrials—Outstanding Characteristics of Public Utility Investments Are Cited

Attractive Points of Utility Securities

Industry has few labor problems.
Earnings come from diversified sources.
Earnings do not fluctuate widely.
The industries' securities are widely distributed.
Companies have generally an excellent record.
Markets are not nearly fully developed.
Demand grows faster than the population.
No inventories or inventory losses.
A cash business.
Managements are efficient. They must be so in order to facilitate the necessary frequent financing.
If service is efficient, public utility commissions allow the companies to earn a fair return.
The service rendered is usually a monopoly.
An indispensable service is supplied.
Power is the real basis of the present civilization.

While the foregoing summarizes some of the outstanding attractive features of public utility securities, the investor naturally cannot, and will not purchase such securities at random. As the future development of a public utility property depends upon the situation in the communities which it serves, it follows, therefore, that the investor before purchasing power securities must investigate the fields which the company, in which he is interested, serves. He will ascertain whether its earnings are dependent upon one type of consumer or whether, as is the case in most companies, earnings are dependent on a well-diversified power demand.

But perhaps the predominant point to be dealt with in selecting public utility securities is the character and record of the management. The management which has built up harmonious relations with its customers and which is in the hands of men of recognized ability and integrity, will probably also operate a company which will provide satisfactory returns to the investor. Satisfactory management is, in the last analysis, an index to the future of any public utility, for the growth and success of such companies is practically entirely dependent upon the relations which they maintain with their customers.

Investigate Bankers Too

Secondly, as in other securities, the investor should investigate the record of the investment house through which he proposes making his commitment. Investment bankers always undertake a careful scrutiny of the properties which they finance, but in addition, in the event of a decline in earnings and some danger to the bondholders, many of the investment houses have stepped in and through their good work have saved the investors many thousands of dollars.

Because of the strength of the utility companies, those organizations which have operated successfully for many years sell new securities at a very low rate of interest and the stocks of these companies yield almost an insignificant return. To-day, sound public utility stocks are changing hands at high figures, but there seems little reason to doubt that the future appreciation in value, coupled with the ultimate increase in dividends, will reward investors who are willing to hold their securities. Public utility offerings of stocks and bonds have been increasing—they will continue to increase as the capital demands of this industry are higher than any other. Power companies, in particular, require about $5 of capital for every $1 of revenue—a ratio quite incomparable with other industrials.

Have No Labor Trouble

While it is simple to summarize in a few sentences the attractiveness of the public utility securities, yet most of the points require amplification. Perhaps one of the fundamentals of the industry is the infrequency of labor troubles. With the exception of the traction companies, the power and gas companies in the Dominion have had practically no labor troubles. The reason for this lies in the fact that most of the power and gas companies are allowed to earn a living wage and in turn are thus allowed to give their employees a fair wage. The troubles of the traction companies in Canada have, of course, been largely due to the War. The reason the city of Toronto to-day owns its own tramways service is due to the inefficiency of the management of the predecessor privately-owned company.

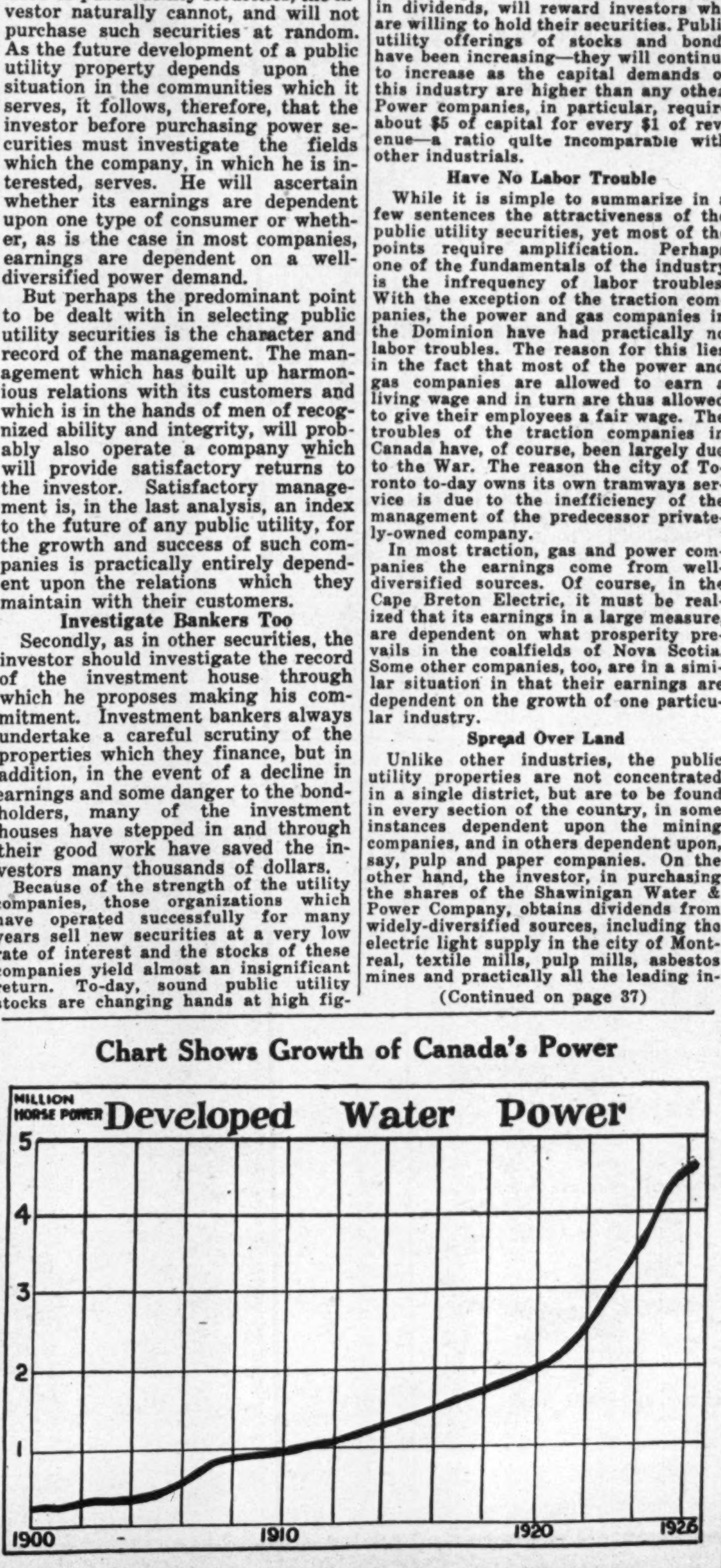
In most traction, gas and power companies the earnings come from well-diversified sources. Of course, in the Cape Breton Electric, it must be realized that its earnings in a large measure, are dependent on what prosperity prevails in the coalfields of Nova Scotia. Some other companies, too, are in a similar situation in that their earnings are dependent on the growth of one particular industry.

Spread Over Land

Unlike other industries, the public utility properties are not concentrated in a single district, but are to be found in every section of the country, in some instances dependent upon the mining companies, and in others dependent upon, say, pulp and paper companies. On the other hand, the investor, in purchasing the shares of the Shawinigan Water & Power Company, obtains dividends from widely-diversified sources, including the electric light supply in the city of Montreal, textile mills, pulp mills, asbestos mines and practically all the leading in-

(Continued on page 37)

Chart Shows Growth of Canada's Power



Increase in development has been remarkable in last six years.

Power Financing Differs from Other Companies

Must be Ready to Finance in Bad as Well as Good Times for Utility Industry's Growth is Fast

The fundamental principles underlying public utility financing differ not a whit from those employed in financing individuals, partnerships or an industrial company. While the fundamentals and the principles are the same, yet there is some difference in the practice, due chiefly to the important differences which exist between an industrial and a public utility.

The industrial can expand or contract its business at opportune times. Public utilities, as a class, are always expanding their business and must needs cope with the increased requirements of the territories which they serve. Thus, they are forced at all times, to finance even under unfavorable conditions, and thus, too, because their need of capital is so much larger and occurs more frequently, the financing requirements of the public utility companies obtain the closest attention of their chief executives.

Borrows or Sells Stock

When a public utility company needs more money, it either borrows, or the partners, that is, the stockholders, put more money into the property. When a corporation borrows, it issues bonds, notes or some form of certificate and when the stockholders put new money in, they take up new issues of stock which are usually sold to them at below the current market rate.

Shareholders of public utilities in Canada are well acquainted with the practice of issuing rights to new stock. The Bell Telephone Company, to meet the rapid increase in the demand for its services, frequently borrows by bond issues, and not infrequently gives its shareholders the rights to obtain new stock below the prevailing market quotations.

No Closed Mortgages

Another difference between the public utility and the industrial is that the power companies and others serving the public needs, in making a bond issue, allow for the issuance of more bonds, as opposed to the so-called closed mortgages issued by industrials. A closed mortgage bond issue means that no further first mortgage bonds may be issued covering the particular assets covered by the issue.

Public utilities usually sell open-ended bond issues which, under careful and restrictive clauses in the trust deed provide for the issuance of more bonds of the same issue. Usually, the restrictive clauses state that more bonds cannot be issued for over 60 or 75 per cent. of the cost of extensions or additions to the property.

Short Term Notes Issued

As the utilities frequently have to borrow when money is tight, notes and other short-term securities are sometimes employed, but are used only as a temporary expedient until financial conditions permit the sale of bonds at a higher price or until earnings increase sufficiently to make advisable the sale of stock.

Originally, preferred stock financing was chiefly employed by the utilities when new common stock could not be sold advantageously. To-day, however, preferred shares are used fairly extensively in customer ownership campaigns to provide a more conservative investment than common stock for the smaller investor and thus to bring him in as a limited partner in the public utility which serves his community.

There are many strong power companies which could easily finance further extensions by the issuance of common shares but instead prefer to obtain part of their financial requirements by the issuance of preferred stock or bonds. The reason for this lies in the desire to increase the value of the common stock. Presuming a company is earning, say, 8 per cent. on its capital investment, if the capitalization of the property is all in common shares, the stock will be earning 8 per cent. But if the capitalization is divided in half, and one half is in bonds paying only 5 per cent., and the remaining half in stock, the same earnings, that is the 8 per cent. of the total value, after subtracting 5 per cent. as the interest of the bonds, would leave a much higher rate of earnings on the common shares.

Amounts Are Limited

Three important considerations limit the amount of debt of preferred stock which a strong company will put out in proportion to its total property valuation. If the bonds represent too high a percentage of the total capitalization, they will of necessity carry a higher interest rate, for the investor is looking for safety and if he obtains too small a percentage of safety in the assets covered by the bonds, he will demand a higher rate. Similarly, a preferred stock will have to carry a higher dividend rate if the bonds and the preferred represent too large a percentage of the total valuation of the property.

Secondly, should the interest charges and dividends on the preferred absorb a dangerously large percentage of the total earnings and make the common stock subject to violent fluctuations, it makes the latter a speculation. If the common stock represents only a very small proportion of the total investment, it is apparent that earnings, after all charges including preferred dividends, may be very large per share of common stock, yet on the other hand, the slightest variation in the earnings will result in a tremendous increase or decrease in the amount applicable to the shares of the common stock.

Jeopardizing Its Financing

Finally, should a public utility issue too great a proportion of its capitalization in bonds and preferred shares, a period of depression might come which would make impossible further financing. But the very life of a utility depends on its growth with the community which it serves, and therefore, should a utility ever be in such a position that it would be impossible to finance its extensions, the result to the owners of the property, the common shareholders, would prove, if not fatal, at least very harmful. Conditions vary with each individual company. Amongst the stronger companies,

(Continued on page 41)

$1,000,000,000 Invested in Utilities of Canada

Industry as a Whole Will Require Further Financing Amounting to $100,000,000 Annually — Must Prove Successful to Obtain Funds

Canadian public utilities over the next ten years will require further financing to the extent of an average of $100,000,000 annually. The figure seems large, but is not arrived at simply by guesswork.

The amount of capital at present invested in Canadian utilities amounts to over $1,000,000,000. Of this, the power industry accounts for $630,000,000; the electric traction companies, $220,000,000; the telephone systems, $175,000,000 and the gas utilities, $45,000,000.

Conservative estimates have been made which indicate that the investment in hydro-electric power developments in Canada will double within the next seven years. The Bell Telephone Co. alone will do further financing, during the next five years, to the extent of $90,000,000 and the present investment in gas plants may be expected to double by 1937.

Tramways Growth Slower

There remain tramways. While the investment in the tramways companies has not doubled during the past ten years, yet there has been an increase in the capital investment of almost 50 per cent. Therefore, taken from every angle the assumption that the amount invested in public utilities in Canada ten years hence will be double the present day figure is fairly conservative. Moreover, this forecast is borne out by all experts on public utilities.

Therefore, the capital requirements of the public utilities in the Dominion between February, 1927, and February, 1937, will amount in round figures to $1,000,000,000, or the equivalent of some $100,000,000 annually, some of which will be obtained by ploughing back earnings into property.

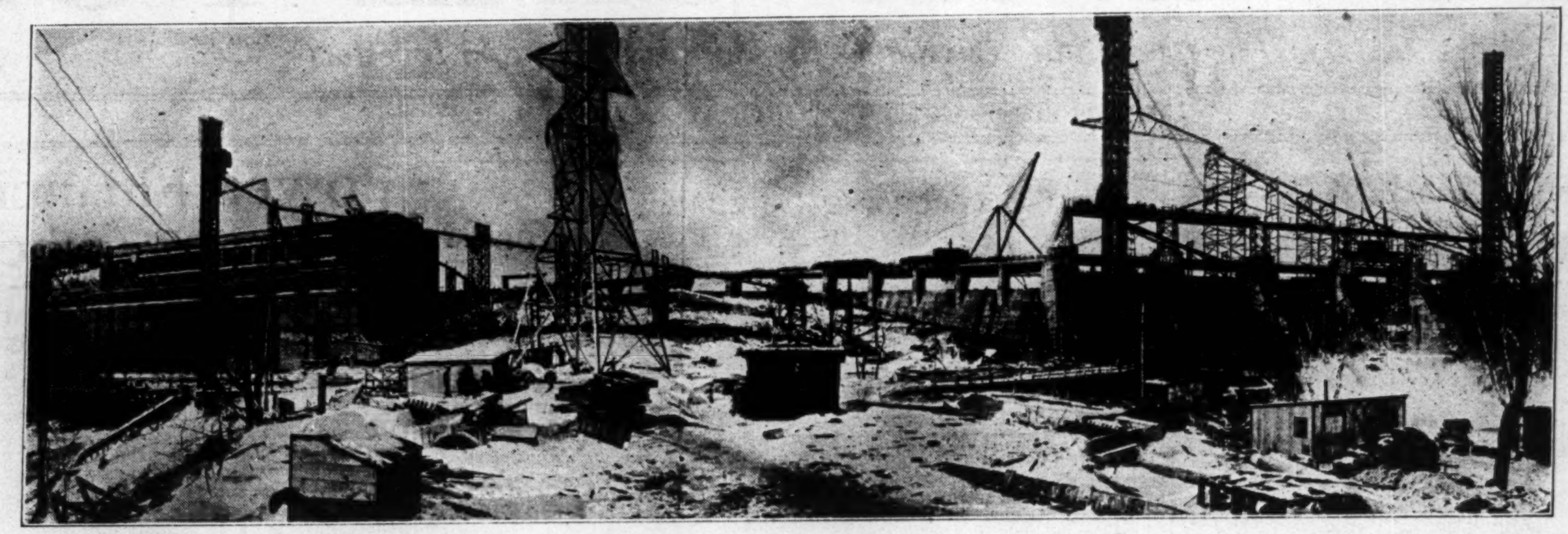
Will be Successful

Here, then, is interesting food for investment thought. If, as a group, public utilities are not successful during the next few years, the companies will not be able to obtain their further capital requirements from the public. If further capital cannot be obtained for the utilities, the progress of the country will be seriously retarded and it looks, therefore, very much as if the national progress depends very materially upon the satisfactory progress of its utilities.

For this reason, public opinion probably would never allow the progress of the utilities to be handicapped.

Herein lies, then, the inherent strength of the utility securities as a medium for investment. The companies realize that they will make immense investment demands on the public in the future and realize then that for the present their properties must be built up to such a position that the possibility of obtaining further funds in the years to come will not be jeopardized.

The investment of a further $1,000,000,000 in Canadian utilities must mean also that a high proportion of this capital will come from foreign countries. Larger and larger sums will be required annually to meet the interest payments on capital so invested, which must ultimately bring in its train even larger exports of commodities from Canada. The export of commodities for this purpose must mean the building up of still larger industries based principally on the Dominion's water power resources.



Panoramic View of Chelsea Power Plant of Gatineau Power Company

Contributing to Canada's Industrial Expansion

Gatineau Power Company's Great Hydro-Power Developments Are Factors in Increasing Canadian Prosperity

THE Gatineau Power Company — a wholly owned subsidiary of the International Paper Company — owns and is acquiring water power sites with an aggregate potential capacity of 700,000 h.p.

The first fruits of the comprehensive 373,000 h.p. development programme now under way are to be evidenced shortly, for within two weeks the first two units, each of 34,000 h.p., at the Chelsea development will be ready for operation.

These machines will begin to supply power to the Gatineau Newsprint Mill of the Canadian International Paper Company about March 15th.

The third 34,000 h.p. unit at Chelsea is being installed.

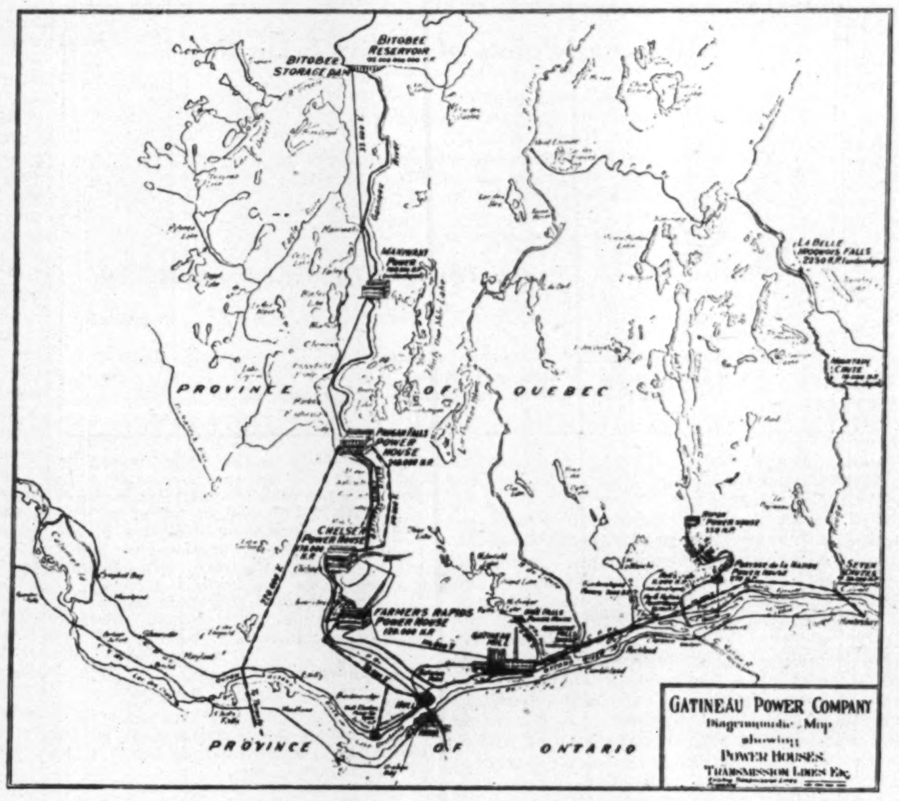
Again, at the Farmers' Rapids development of the Gatineau Power Company, the first unit will be turning about the end of March, the second about April 15th, the third at the end of May.

Thus begins very soon the first power deliveries of the initial Gatineau hydroelectric development of 131,000 h.p. at Chelsea, and 92,500 h.p. at Farmers' Rapids. Thus begins, too, a new era of Canadian industrial expansion for it is now an established fact that industry follows power.

And it must be remembered that the Gatineau Power Company's development at Paugan Falls is also under way — developing initially 150,000 h.p. which will be available by the fall of 1928.

Adding the 24,000 h.p. power output of the Kipawa plant (now operating) to the above power outputs, this makes a grand total of 397,500 developed horsepower by the end of 1928.

There will be 160,000 commercial horsepower available for outside industries by the end of 1928 — a portion of this being available in 1927.



GATINEAU POWER COMPANY
Diagrammatic Map
showing
POWER HOUSES
TRANSMISSION LINES Etc.

NEW GATINEAU POWER PROJECTS AT A GLANCE

Total available horsepower at company's power sites, over	700,000 h.p.
To be developed:	
Completed in 1926: Kipawa plant	24,000 h.p.
Completed in 1927: Chelsea plant	131,000 h.p.
Farmers' plant	92,500 h.p.
Completed in 1928: Paugan plant	150,000 h.p.
Total initial development	397,500 h.p.
Provision has been made in the Chelsea and Farmers' plant for additional units which would bring the ultimate capacity of the three plants up to over	453,000 h.p.
Power contracts already closed:	
With Ontario Hydro Electric Commission	260,000 h.p.
With Canadian International Paper Co.	200,000 h.p.
With Canada Cement Company	3,000 h.p.
With Hull Electric Company (initial)	3,500 h.p.
	466,500 h.p.

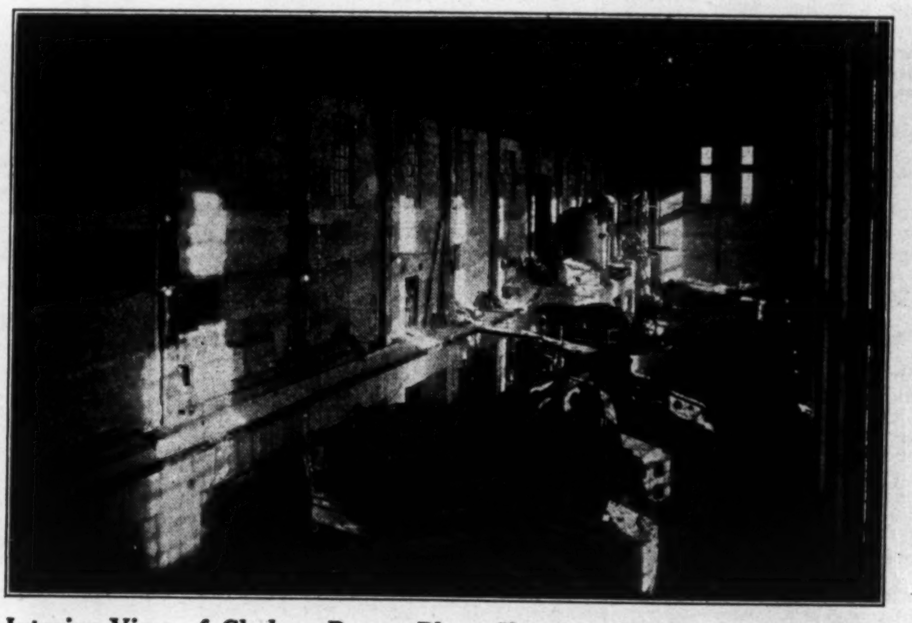
Value to Canada of Gatineau Developments

Already the economic significance to Canada of the Gatineau Power Company's developments is apparent.

The employment of men for construction and operating purposes; the purchase of building materials, machinery, etc.; the making available of hydro-power for the great Gatineau Newsprint Mill, the Hull Electric Company, for the Canada Cement Company, the Ontario Hydro-Electric Commission — all these are factors which, through the purchasing power resultant and created increase Canadian prosperity.

Some idea is gained of the purchasing power created by the Gatineau Power and Newsprint Mill developments when it is realized that about 6,500 men are now employed. This does not include the men which were employed on the diversion of the Canadian Pacific Railway and on the public highways. Moreover, about 1,000 men will be employed permanently in the completed plants, not including 2,600 men engaged in summer forest and sawmill operations, which number increases to between 4,500 and 5,000 in winter. The average daily payroll when the developments are completed will be about $15,000.

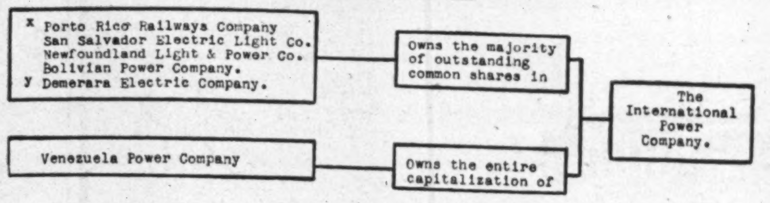
View of Farmers' Rapids Development, Showing Dam and Spillway



Interior View of Chelsea Power Plant Showing First Two 34,000 h.p. Units Installed

International Power

Has Recently Acquired Porto Rico Railways—Earnings Come From Well Diversified Sources Dependent on Diversified Basic Products


x Porto Rico Railways Company
San Salvador Electric Light Co.
Newfoundland Light & Power Co.
Bolivian Power Company.
y Demerara Electric Company.
Owns the majority of outstanding common shares in
Venezuela Power Company
Owns the entire capitalization of
The International Power Company.

x Practically all the common shares are owned by the parent company.
y Parent company owns over 80 per cent of this company's first mortage bonds.

Chart shows relations of International Power Co. with its subsidiaries. Original companies are shown from left to right; chart may be read from right to left.

The latest acquisition of the International Power Co., which came into being just over a year ago, consists of practically all the common shares of the Porto Rico Railway. Primarily, the company is a holding company but it also undertakes the actual operation of its public utility properties. It owns all the outstanding securities of the Venezuela Power Co. and the majority of the stock of the following: Porto Rico Railways, San Salvador Electric Light Co., Newfoundland Light & Power Co., Bolivian Power Co., and the Demerara Electric. In addition it owns 81 per cent. of the outstanding first mortgage bonds of the last utility.

The outlook for the future seems decidedly favorable, and all its subsidiaries have been in successful operation for many years. The field covered embraces public and private lighting, power, tramway and telephone services.

Are Well Diversified

It can be seen from the nature of the holdings how well diversified are the sources from whence come the earnings available for the shareholders of the International Power Company.

The International Power Co. controls its component companies under expert engineering supervision, such as a small individual company could not possibly afford. The geographical distribution of its investments makes for a stability of earning power arising from the operation of growing public utilities in countries each of which produces a different basic product. Moreover, these companies operate in fields which as yet are mostly in their primary development stages and in which conditions point clearly to a marked increase in the demand for electric energy.

In Venezuela, one of the fundamental industries is oil, in which a large investment has been made by American as well as British interests. In Salvador, one of the chief products is precious metals from its mines. The other properties are dependent for their progress on other basic products.

Effect of Business Cycle

As the basis of prosperity in each country in which the subsidiaries operate lies in a different source of production, so it seems impossible for any change in the business cycle to take place which would result in any decrease in the total earnings from all the various fields served.

The total population served by the subsidiary companies is over 800,000, in which these companies serve over 63,000 light and power customers situated in more than 31 communities.

With the expansion of the component companies the earnings of the parent company should grow; extensions have been but recently completed in the Venezuela and the Newfoundland properties. In Demerara, a new franchise, which the company will probably obtain soon, will necessitate the enlargement of its power plant. In Bolivia and in Salvador the power plants are loaded to capacity and the company is investigating the possibilities of the light and power department of the Porto Rico Railways.

The total growth in net earnings of all the component companies in 1926 showed an increase of over 15 per cent. as compared with 1925. The company has just financed its acquisition of the Porto Rico Railways by a new issue of debentures. The proceeds of the issue will be used in part to provide funds for further extensions to the properties.

Capitalization—

	Authorized	Outstanding
Common	150,000 shs.	100,000 shs.
(No par value).		
1st pref. 7%........	$8,000,000	$4,000,000
2nd pref. 6%........	2,000,000	2,000,000

Funded Debt—
None.

Dividend Record—
Dividends payable quarterly as declared, Jan., Apr., July and Oct. 1.

Officers and Directors—
J. W. Killam, pres.; G. MacGregor Mitchell, V. E. Mitchell, K.C., W. C. Pitfield, J. H. Price, W. D. Ross, O. E. Smith, F. R. Taylor.

Combined earnings of the properties controlled by the company for the fiscal years 1923 to 1925, inclusive, were as follows:

	1923	1924	1925
Gross Earn...	$1,641,068	$1,709,142	$1,872,906
Oper. and Main. Charges ...	884,409	918,788	986,945
Net earnings available for Int. and Res.	$756,659	$ 790,354	$ 885,961
Int. chgs. on sec.			268,300
			$ 617,661
Difference between Earnings accruing to minority interests and estimated revenue from sum available for additional investment..			130,976
Balance available for preferred dividend and reserve			$ 486,685
Dividend on 1st preferred			280,000
Balance			$ 206,685

Publishes Booklet

MONTREAL.—The firm of Harvie, Smith and Company has published a booklet by Dr. Robert Harvie, entitled: "Points for Series Consideration in Mining Investments."

The booklet is an able resumé of mining finance and points out to the investor the possibility of investment during the three stages of mining operations, namely, prospecting, proving the ore, and actual mining.

Twin City Transit

Political Situation is Somewhat Better — Earnings Are Higher in 1926

Twin City Rapid Transit Co. is one of those utilities which appears to have gone through its worst. The annual report for 1926 showed earnings equivalent to $5.57 per share on the outstanding common stock, compared with $3.63 in 1925. The 1926 earnings on the preferred were $47.89, compared with $34.58 the previous year. Gross revenue increased from $12,562,983 in 1925 to $14,001,764 in 1926, although the total number of revenue passengers carried dropped from 200,783,106 to 109,826,784.

The increased gross earnings is attributable to the fact that the company is getting considerable revenue from bus services, which have been established in the last year or two to supplement the traction lines.

The public shows a disposition to treat the company more justly than has been always the case in the past. The political situation is much better. The railroad and warehouse commission of Minnesota and the company agreed on a valuation of the property and the law provides that the commission must fix a rate of fare to give the company 7½ per cent. on this valuation. The existing rate of fare so far has not been adequate for the purpose, but the company has been diffident about applying for a further increase until the new fare established some months ago has had a longer period of trial. The management feels that with improved business conditions in the North West United States, an improvement in which Minneapolis and St. Paul inevitably must share, the Twin City company possibly will be able to earn a fair return on the investment, especially in view of the fact that the supplementary bus services and taxi cab lines are becoming important sources of revenue.

Expect Better Returns

There has been a wide Canadian investment interest in Twin City Co. for many years. The Canadian shareholders for the most part have kept their holdings through extremely lean times when utilities suffered severely. There are indications now that due to the gradual fall in the value of commodities which electric railways buy, a period of reasonable return is about due.

The net income of Twin City Rapid Transit was better in 1926, if bus revenues are included, than in 1920, 1921, 1924 or 1925. The total net income was in fact only slightly less than in 1923, the best year in the recent history of the company. Operating expenses in 1926 were somewhat higher than in 1925, but the increase was not so great as the increase in total revenue. The operating expense per cent. of revenue was 82.5, which is slightly less than in 1925 and only slightly more than in 1924.

The company is hoping to be relieved of municipal burdens, such as paving, street cleaning, sweeping, removal of snow and ice, etc. The commission of the state has so ordered, but the city so far has not given effect to the order, except to relieve the company of $89,500 annually in municipal taxes.

Capitalization—

	Authorized	Outstanding
Common	$22,000,000	$22,000,000
Pref. 7% cum.	3,000,000	3,000,000
Funded Debt—		
Minneapolis St. Rly. Bonds, 5½% ..... Due 1928.	5,000,000	5,000,000
St. Paul City Ry. Bonds, 6% .... Due 1932.	500,000	224,000
Bonds, 6% .... Due 1934.	1,000,000	456,000
Bonds, 5% .... Due 1937.	5,500,000	3,708,000
Minneapolis St. Rly. Bonds 5% .... Due 1928.	10,000,000	10,000,000
Total	$22,000,000	$19,388,000
Annual interest charges		$ 1,001,200

Dividend Record—
Preferred dividends have been regularly paid, quarterly, Jan. 1, since issuance. Dividends on common have been paid as follows: 1899, 2½%; 1900, 3%; 1901, 4%; 1902 to Aug. 1, 1909. 5%; Nov. 1, 1909, to and including Jan. 1, 1918, at rate of 6% per annum; the April 1, 1918, dividend, was reduced to 1%; July and Oct., 1918, dividends passed; 1% paid Jan. 2, 1919; Feb. 20, (for 1919), 2½% Jan. 3, 1921, (for 1920), 3%; Feb. 10, 1922 (for 1921), 2%; July 1, 1922 (for 1922) 2%; Dec. 30, 1922 (for 1922), 2%; 1923, 6%; 1924 and 1925, 4%; increased to 5% for first quarter of 1926.

Officers and Directors—
Horace Lowry, president; E. W. Decker, vice-president, T. Julian McGill, vice-pres.; A. M. Robertson, vice-pres. and secretary; E. A. Crosby, treas.; D. J. Strouse, compt.; S. Macdonald, asst. compt.; Henry Doerr; E. Pennington, D. Goodrich, G. H. Partridge, C. Hayden, J. R. Mitchell, Frank Bergen, A. E. Ames, W. O. Washburn, R. Budd.

Market Record—

	Common		Preferred	
	High	Low	High	Low
1915	101	93	..	..
1916	99½	93⅜	..	..
1917	95	62½	..	..
1918	65½	38¼	..	..
1919	58	33	80	80
1920	49	31½	..	..
1921	61½	34	76	73¾
1922	62¾	34½	89	73
1923	80¼	58	100	90
1924	69	40	99	82
1925	79¼	58	97	94½
1926	79½	58	103	101

Profit and Loss—

	1921	1922	1923	1924	1925	1926
Gross revenue	$13,865,582	$13,772,647	$13,463,112	$12,704,569	$12,378,352	$13,945,266
Operating expenses	10,990,535	9,914,324	9,537,841	9,185,927	9,234,089	10,322,488
Net oper. rev.	$2,875,046	$3,858,323	$3,925,271	$3,518,642	$3,144,263	$3,622,778
Net income	$ 697,305	$1,565,201	$1,570,068	$1,269,009	$1,037,427	$1,436,805
Preferred dividends	210,000	210,000	210,000	210,000	210,000	210,000
Common dividends	440,000	880,000	1,320,000	880,000	880,000	1,100,000
Net adjustment	....	....	....	77,063	29,332	30,247
Surplus for year	$ 47,305	$ 475,201	$ 40,068	$ 101,946	x$ 81,905	$ 96,558
Rate % earned:						
On common	1.56	6.36	6.24	4.46	3.63	5.57
On preferred	23.24	52.14	52.33	42.30	34.58	47.89

xDecrease.

Gatineau River Power

Is Now Subsidiary of Large Paper Company — Sites Will be Consolidated

It is understood that the Gatineau River Power Company is now a subsidiary of the International Paper Co. It was announced recently that the Gatineau Power Co., a wholly owned subsidiary of the large U. S. paper producer, had purchased the Maniwaki Power & Telephone Co. The latter, it is understood, owns most of the common stock of the Gatineau River Power Co.

Investors are interested in the Gatineau River Power Co., through its issue of bonds which was offered publicly within recent years by the investment house of Browne, Urquhart & Co. It had long been thought that the International Paper would eventually acquire the Gatineau River Power Co. in order to make possible a power development of greater magnitude near Maniwaki, P.Q. The Gatineau Power Co. owns power sites adjacent to those of the Gatineau River Power Company and a consolidation of these sites under the control of the International Paper's power subsidiary means that a larger ultimate development at this point is possible. Probably, the development there will be undertaken after the Gatineau Power Co. concludes its large development program on the lower Gatineau.

Northern Mex. Power

Company's Position Improves With Betterment of Government in Mexico

The Northern Mexico Power & Development Co. was incorporated in 1919 in Ontario to take over the assets and properties of the Mexican Northern Power Co. and from the receivers of that company all the shares of a company developing and distributing hydro-electric power in Chihuahua, in Northern Mexico.

The company has valuable concessions from the government of Mexico for the development and utilization of the water power of the river Conchos, in Chihuahua, and to supply electricity to cities and towns of the state and the mining districts.

Total output of power is in the neighborhood of 12,000 horsepower, and has shown a yearly increase in recent times. New lines were built in 1924 with a distributing load of approximately 2,000 horsepower, and further additions are contemplated. It is expected that the earnings of these additional facilities will reflect favorably on the balance sheet which will be available for publication some time during the summer.

The outlook for this company, like that of the other companies operating in Mexico, has improved materially with the improvement in the internal government of the country. In 1925 the company paid accumulated dividends for 1922, 1923 and 1924. Earnings on the common were 2.75 per cent. in 1925, compared with 1.55 per cent. in 1924, 0.83 per cent. in 1923, and 0.31 per cent. in 1922.

Capitalization—	Authorized	Outstanding
Common	$10,000,000	$10,000,000
7% Pref. Cum. ..... (Shares $100 each.)	3,000,000	3,000,000
Funded Debt—		
First mortgage, 7% bonds, due 1933 ..	1,000,000	500,000

Dividend Record—
Preferred 7% paid July 2, 1924, for year 1920; 7% paid Nov. 1, 1924, for year 1921; 7 each paid Feb., 1925; May, 1925; Oct., 1925; Feb., 1926, bringing dividends to date; 1¾% paid Apr., 1926, and quarterly since. No dividends have been paid on common.

Officers and Directors—
W. D. Ross, pres.; Strachan Johnston, vice-pres., T. A. Spoor, sec. and treas.; T. G. Mackenzie, gen. mgr., Mexico; E. Hanson, E. A. Macnutt, A. E. Dyment, S. J. Moore, J. A. Tory, J. D. Patterson, Sir E. Mackay Edgar, F. B. McCurdy.

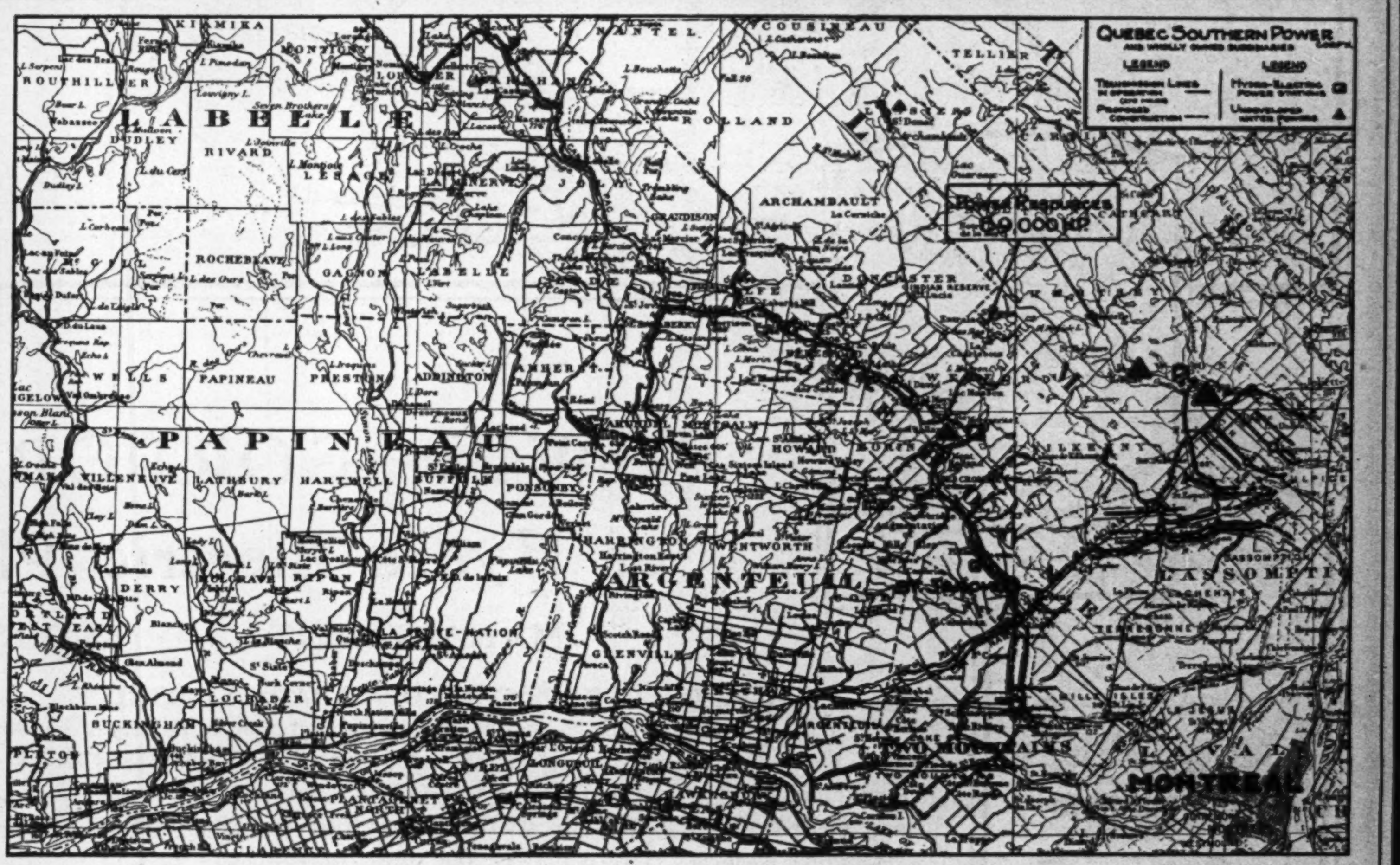
Profit and Loss—

	1923	1924	1925
Profits	$430,693	$514,842	$789,054
Depreciation ...	$137,500	$150,000	$200,000
Interest	.....	.....	41,872
Bond discount ..	.....	.....	7,213
Mexican Taxes..	.....	.....	54,000
Pref. dividend ..	.....	420,000	630,000
Balance	$293,193	$ 55,158	*$144,031
Prev. balance ..	593,910	887,103	831,945
P. & L. bal......	$887,103	$831,945	$687,914

Market Record—

	1925		1926	
	High	Low	High	Low
Common	*53¾	18½	55	40
Preferred	..	..	85	80

*London quotations.



Territory served by Quebec Southern Power Corporation and Subsidiary Companies.

GROWTH!

Based on Serving Well an Expanding Industrial Territory

THE progress of the Quebec Southern Power Corporation and its Subsidiaries is thoroughly evidenced by its growth from serving 9 municipalities in 1924 to 43 municipalities at the present time. It now has over 275 miles of high tension transmission and distribution lines.

Upon completion of the new plant at Rawdon, the output of power will be doubled, and it is already evident that this increase will be quickly absorbed.

The territory served embraces the prosperous area north of and contiguous to Montreal — including the City of Saint Jerome within 35 miles of Montreal.

Industrial Opportunities

The industrial expansion in the Quebec Southern Power Corporation's territory is based on sound factors. These include — lower overhead, cheap and capable labor, low taxes, abundant and reasonably priced power. Raw materials — especially hardwoods — are close at hand. Shipping facilities by rail and truck are excellent.

For full information write our Industrial Department.

QUEBEC SOUTHERN POWER CORPORATION
180 St. James Street, Montreal

Safety and Increasing Profits

In Hydro-Power Investments

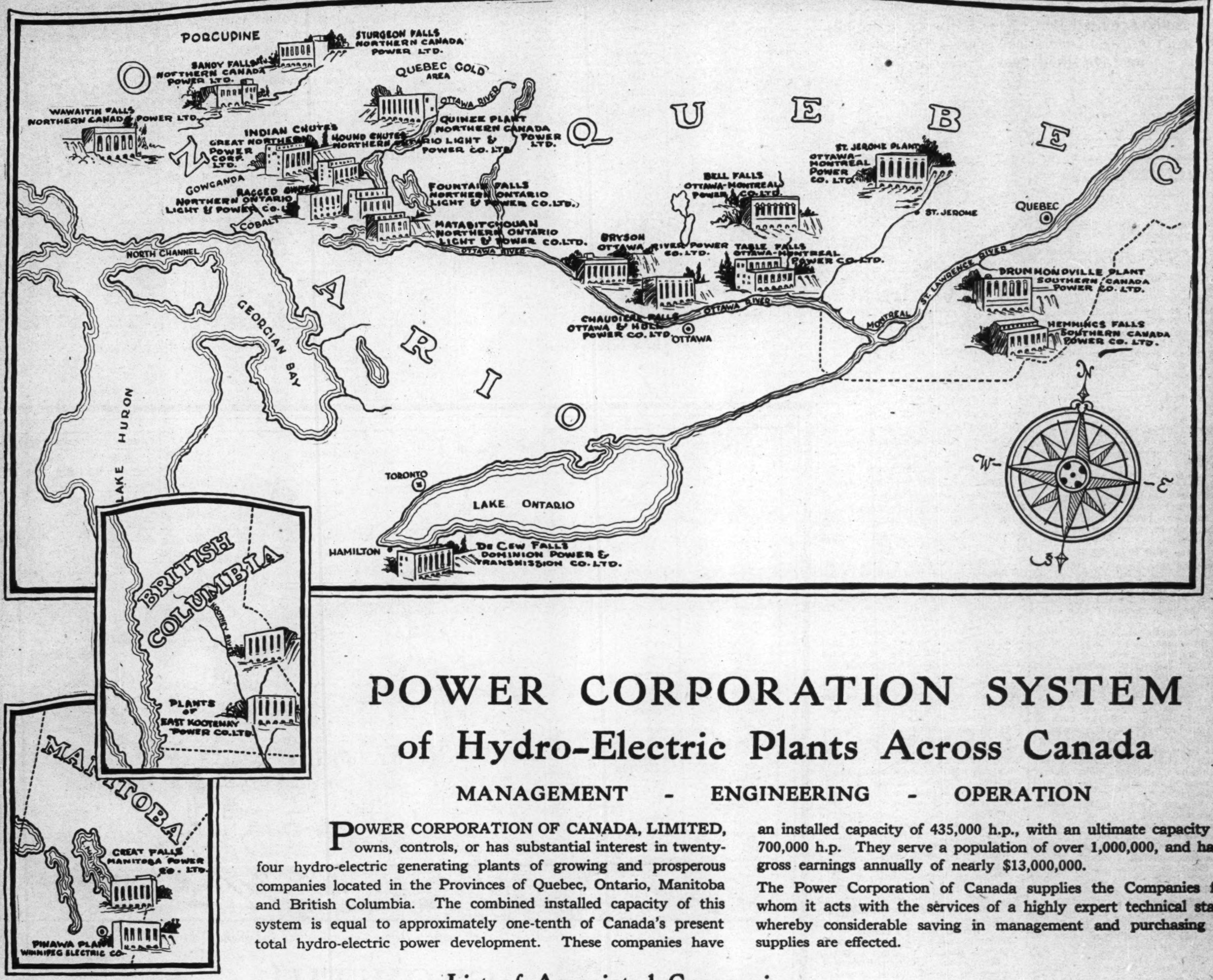
The fundamental nature of the business of hydro-electric power and light companies assures continuous demand, regularity of income, and expansion in keeping with growing population and increase in industrial activity. Hundreds of millions of dollars have been invested in this industry, yet a constantly increasing demand for power indicates even greater expansion in the future. It is an important fact that power companies can meet this growing demand and at the same time reduce overhead costs, resulting in a steady rise in net earnings.

Careful investors are turning more and more to this type of security, which has long demonstrated its stable earning capacity, although the industry is still in its infancy, only about one-sixth of Canada's visible power having been developed so far.

Investors should include a goodly proportion of such securities in their holdings. Quebec Southern Power Corporation 6½% First Mortgage and Collateral Trust Sinking Fund Gold Bonds, due 1945, carry our strongest recommendation.

Full particulars of this and other power securities will be sent upon request.

BROWNE, URQUHART & COMPANY
LIMITED
INVESTMENT BONDS
180 ST. JAMES STREET, MONTREAL


PORCUPINE
STURGEON FALLS NORTHERN CANADA POWER LTD.
SANDY FALLS NORTHERN CANADA POWER LTD.
QUEBEC GOLD AREA
OTTAWA RIVER
WAWAITIN FALLS NORTHERN CANADA POWER LTD.
INDIAN CHUTES GREAT NORTHERN POWER CORP. LTD.
HOUND CHUTES NORTHERN ONTARIO LIGHT & POWER CO. LTD.
QUINZE PLANT NORTHERN CANADA POWER LTD.
GOWGANDA
RAGGED CHUTES NORTHERN ONTARIO LIGHT & POWER CO. LTD.
COBALT
FOUNTAIN FALLS NORTHERN ONTARIO LIGHT & POWER CO. LTD.
MATABITCHOUAN NORTHERN ONTARIO LIGHT & POWER CO. LTD.
ONTARIO
QUEBEC
NORTH CHANNEL
GEORGIAN BAY
LAKE HURON
BRYSON OTTAWA RIVER POWER CO. LTD.
BELL FALLS OTTAWA-MONTREAL POWER CO. LTD.
ST. JEROME PLANT OTTAWA-MONTREAL POWER CO. LTD.
ST. JEROME
QUEBEC
TABLE FALLS OTTAWA-MONTREAL POWER CO. LTD.
CHAUDIERE FALLS OTTAWA & HULL POWER CO. LTD.
OTTAWA
MONTREAL
ST. LAWRENCE RIVER
DRUMMONDVILLE PLANT SOUTHERN CANADA POWER CO. LTD.
HEMMINGS FALLS SOUTHERN CANADA POWER CO. LTD.
N
W
E
S
TORONTO
LAKE ONTARIO
HAMILTON
DeCEW FALLS DOMINION POWER & TRANSMISSION CO. LTD.
BRITISH COLUMBIA
KOOTENAY RIVER
PLANTS OF EAST KOOTENAY POWER CO. LTD.
MANITOBA
L. MANITOBA
GREAT FALLS MANITOBA POWER CO. LTD.
PINAWA PLANT WINNIPEG ELECTRIC CO.

POWER CORPORATION SYSTEM

of Hydro-Electric Plants Across Canada

MANAGEMENT - ENGINEERING - OPERATION

POWER CORPORATION OF CANADA, LIMITED, owns, controls, or has substantial interest in twenty-four hydro-electric generating plants of growing and prosperous companies located in the Provinces of Quebec, Ontario, Manitoba and British Columbia. The combined installed capacity of this system is equal to approximately one-tenth of Canada's present total hydro-electric power development. These companies have an installed capacity of 435,000 h.p., with an ultimate capacity of 700,000 h.p. They serve a population of over 1,000,000, and have gross earnings annually of nearly $13,000,000.

The Power Corporation of Canada supplies the Companies for whom it acts with the services of a highly expert technical staff, whereby considerable saving in management and purchasing of supplies are effected.

List of Associated Companies

EAST KOOTENAY POWER COMPANY, LIMITED

Owns and operates two hydro-electric plants in British Columbia, serving the Consolidated Mining and Smelting Company's plant at Kimberly, the Cities of Fernie and Cranbrook and the Crow's Nest coal mining district.

WINNIPEG ELECTRIC COMPANY

Supplies electric light, power, gas, and traction to the city of Winnipeg and the surrounding municipalities.

MANITOBA POWER COMPANY, LIMITED

Subsidiary of Winnipeg Electric Company. Supplies power under contract to Winnipeg Electric Company and has contracts for future delivery to the City of Winnipeg and Manitoba Paper Company.

DOMINION POWER & TRANSMISSION COMPANY, LIMITED

Serves the cities of Hamilton, Brantford, St. Catharines and Port Colbourne, Ont., with light and power ; and the cities of Hamilton and vicinity with street and inter-urban railways.

CANADA NORTHERN POWER CORPORATION, LIMITED

Through subsidiaries this Company serves all the important towns and mining camps of Northern Ontario, and a line has been built which is now serving Noranda and other mines in the Rouyn district of Northern Quebec.

NORTHERN CANADA POWER, LIMITED

Subsidiary of Canada Northern Power Corporation, serving Porcupine gold fields.

NORTHERN ONTARIO LIGHT & POWER COMPANY, LIMITED

Subsidiary of Canada Northern Power Corporation, serving Kirkland Lake, Cobalt and South Lorraine gold and silver fields.

GREAT NORTHERN POWER CORPORATION, LIMITED

Subsidiary of Canada Northern Power Corporation, Limited, serving Kirkland Lake gold mines.

QUINZE POWER COMPANY

Subsidiary of Canada Northern Power Corporation, Limited, serving the Rouyn copper-gold area of Northern Quebec.

PORCUPINE POWER & TELEPHONE COMPANY, LIMITED

Distributes power for electric lighting and operates the local telephone systems in the towns of Timmins, South Porcupine and Schumacher.

OTTAWA & HULL POWER COMPANY, LIMITED

For twenty years has served the Cities of Ottawa and Hull. Among its customers are Ottawa Hydro-Electric Commission ; Ottawa Light and Power Company ; E. B. Eddy Company, Limited ; Hull Electric Company, Limited ; and Canada Cement Company.

OTTAWA-RIVER POWER COMPANY, LIMITED

Subsidiary of Ottawa-Hull Power Company, Limited, supplies power in the City of Ottawa under contract with Ontario Hydro-Electric Commission at Ottawa and the parent company.

OTTAWA-MONTREAL POWER COMPANY, LIMITED

This Company operates in the territory to the west and north of Montreal. At present over forty municipalities are being served with light and power under generally exclusive franchise.

SOUTHERN CANADA POWER COMPANY, LIMITED

Supplies light and power to 83 municipalities in the Eastern Townships of Quebec, including the city of Sherbrooke. Operates street railway of Sherbrooke.

POWER CORPORATION OF CANADA
LIMITED

NESBITT, THOMSON & COMPANY
LIMITED

Fiscal Agents

MONTREAL TORONTO QUEBEC OTTAWA HAMILTON LONDON, ONT. WINNIPEG

Barcelona Traction

Street Railway Earnings Decrease But Revenue from Sale of Power Grows Year by Year — Belgians Hold Many Shares

Barcelona Traction, Light & Power Co. was incorporated in 1912 under Canadian laws for the purpose of serving Barcelona, on the Mediterranean coast of Spain, and surrounding territory, in which there is a large market for electric light and power. Through various subsidiaries, the company owns or controls the traction lines in Barcelona and sells power for industrial purposes in several hundred communities within 160 miles of Barcelona. The population of Barcelona and suburbs is approximately 1,193,000 and the population of the exterior district is approximately 1,085,100.

Barcelona Traction in 1925 (the 1926 report is not yet available) had a peak load capacity of 172,310 kilowatts from its hydraulic plants, two of which are more than 150 miles from Barcelona, and 54,736 kilowatts from its steam plants. In the year it generated and purchased 512,128,089 kilowatts and sold 385,650,511.

This compares with 241,073,920 kilowatts sold in 1924. The average price per kilowatt for power sold in 1925 was 19.3 centimos.

The railway lines total approximately 42 miles, of which 17 miles are double track. The railway in 1925 consumed 14,118,718 kilowatts. It carried 17,527,373 passengers at an average fare of 34.85 centimos.

Exchange a Factor

Noteworthy improvement in the financial position of Barcelona was revealed by the 1925 report and it is believed that the advance continued in 1926. The position of the railway has not improved materially, but the company's revenue from the sale of power grows year by year. Thus a deficit of $156,872 in 1921 became a credit of $23,086 in 1922, of $21,985 in 1923, of $74,672 in 1924 and of $1,248,096 at the end of 1925.

The situation was improved materially by the reorganization of finances approved by the bondholders in 1924, whereby the total par value of outstanding bonds was reduced from £12,072,561 to £7,573,433. At this time the preference shares were increased and the ordinary shares reduced so that the share capitalization was increased from $35,933,500 to $36,973,900.

Earnings of the company and its subsidiaries, translated into pounds sterling or dollars, are affected materially by the rate of exchange on the Spanish peseta. Exchange slumped seriously during the political disturbances in Spain a year or two ago and the economic condition of the country has not been especially good since the war. But the semi-military government in the last year or more has brought about a greater degree of stabilization than, perhaps, could have been obtained in any other way and the company, it is expected, will make good progress under reasonable laws.

The Belgian house of Capt. Alfred Loewenstein, C.B., who is a director, has accumulated vast holdings and there have been predictions of a change in control. This, however, has not yet taken place outwardly. It is believed, however, that Canadian holdings of securities of this company have been reduced materially in 1925 and 1926 through buying in Montreal on behalf of the Belgian group. The bonds are held mostly in England, where are most of the directors. The preference shares are 7 per cent. participating, but are non-cumulative. The par of the common was reduced from $100 to $50 in the reorganization of June, 1924.

Capitalization—

	Authorized	Outstanding
Common	$15,000,000	$13,725,000
Pref. 7 per cent. non-cumulative	30,000,000	23,248,900
Shares of controlled companies in hands of public at par		$ 15,135

Funded Debt—

Cons. prior lien 6½% bonds, due 1965	$13,626,667
7% 30-yr. bonds due 1951	7,377,635
1st mtge. 5½% bonds due 1974	10,451,167
Outstanding bond issues of con. companies	41,935,901

Dividend Record—
None.

Officers and Directors—
F. F. Lawton, president; H. Malcolm Hubbard, chairman; R. C. Brown, vice-pres., Miller Lash, vice-pres.; Marques de Alella, Domingo Sert, Condo de Torroella de Montgri, E. R. Wood, D. A. Heineman, C. D. Magee, A. W. Burchard, J. H. Plummer, Alfred Loewenstein, E. R. Peacock, Maurice Bauwens, R. H. Merry, sec.-treas., T. Porter, J. S. Holmsted, asst. secs.

Market Record—

Calendar Year	Common High	Common Low
1912	..	..
1913	41	25¼
1914	35⅛	15½
1915	12¾	7¼
1916	17	8½
1917	14¼	8¼
1918	15½	8¾
1919	13¼	5¾
1920	9¾	3¼
1921	5⅞	3
1922	15⅞	3¼
1923	22	12½
1924	23	12⅞
1925	30	18¼
1926	40½	26

Profit and Loss—

	1920	1921	1922	1923	1924	1926
Revenue	$1,998,878	$2,065,537	$2,575,465	$2,726,972	$2,999,287	$3,678,233
Expenses	188,893	160,936	340,241	154,476	505,527	196,153
Bond interest	1,232,316	1,307,846	1,496,866	1,448,985	1,815,761	1,810,203
Int. on mtge. bonds	731,169	753,627	715,272	1,101,526	603,327	423,782
Interest on loans	25,890	....	....	....	....	....
Depreciation	52,497	....	....	....	....	....
Balance	x$231,887	x$156,872	$ 23,086	$ 21,985	$ 74,672	$1,248,095
Pref. dividend	....	....	....	....	....	1,162,445
	x$231,887	x$156,872	$ 23,086	$ 21,985	$ 74,672	$ 85,650
Prev. bal.	....	....	....	....	....	74,672
P. & L. bal.	x$231,887	x$156,872	$ 23,086	$ 21,985	$ 74,672	$ 160,322

xDebit.

Gross and Net Earnings for 1925 and 1926—

	Gross 1925 Pesetas	Gross 1926 Pesetas	Expenses 1925 Pesetas	Expenses 1926 Pesetas	Net 1925 Pesetas	Net 1926 Pesetas
January	7,922,049	8,622,175	2,301,906	2,588,546	5,620,143	6,033,629
February	7,835,622	8,029,473	2,311,710	2,564,115	5,523,912	5,465,358
March	7,328,101	7,870,511	2,315,346	2,609,719	5,012,755	5,260,792
April	7,056,756	7,443,414	2,455,316	2,557,506	4,610,440	4,885,908
May	6,802,421	7,155,717	2,555,691	2,714,002	4,246,730	4,441,715
June	6,633,114	6,827,982	2,607,032	2,618,060	4,026,072	4,209,922
July	6,539,975	6,841,852	2,451,467	2,654,814	4,088,508	4,187,038
August	6,576,995	6,901,185	2,416,120	2,598,239	4,160,875	4,302,946
September	6,965,437	6,901,636	2,528,044	2,581,291	4,437,433	4,320,345
October	7,270,724	7,348,480	2,696,615	2,699,257	4,574,109	4,679,223
November	7,898,636	8,009,052	2,687,076	3,284,578	5,211,560	4,724,474
December	8,085,874	8,610,990	2,749,420	2,704,878	5,336,454	5,906,112

Porto Rico Railways

Become Part of System of International Power Co.; Outlook is Good

Porto Rico Railways Co., (Porto Rico Railway, Light & Power Co., and Porto Rico Construction Co.) of which W. D. Ross, lieutenant-governor of Ontario, has been chairman, is about to become a constituent company of International Power Co. The minority shareholders of Porto Rico have been offered $70 the share or an exchange two shares of 7 per cent. cumulative preferred and two no-par common of International Power.

Porto Rico Railways has suffered severely from jitney competition in recent years and, while laws regulating jitneys are lacking, it is probable that, in such a climate, the railways will continue to suffer. But the company as a whole has been doing fairly well because it has profitable power franchises, controls the lighting service on the Eastern end of the island and recently has been successful in extending its service to include the habitations of a great many of the native population of the country.

Dividends on the preferred have been maintained throughout periods of depression and shareholders got 1 per cent. on the common for the last quarter of 1926.

Officers and Directors—
W. D. Ross, chairman; C. C. Giles, pres. and gen. mgr.; L. M. Wood, vice-president; S. J. Moore, Hon. W. B. Ross, K.C., A. E. Ames, C. J. Holman, K.C., James Ryrie, V. M. Drury, Hon. Ramon Valdes, W. H. Chase, G. Brewer, Comptroller; T. A. Spoor, secretary, Toronto.

Capitalization—

	Authorized	Outstanding
Common	$3,000,000	$3,000,000
Preferred 7%	1,000,000	1,000,000

Funded Debt—

First mortgage, 5%, due 1936	3,000,000	2,208,000
Refund, general, mortgage, 5%, due 1962	£1,500,000	$1,289,666

Dividend Record—

Year	Pref.	Com.
1910	7%	..
1911	7	1%
1912	7	4
1913	7	4
1914	7	2
1915	7	..
1916	7	..
1917	7	..
1918	7	..
1919	7	..
1920	7	3
1921	7	4
1922	7	1
1923	7	..
1924	7	..
1925	7	..
1926	7	1

Market Record—

	Common High	Common Low	Preferred High	Preferred Low
1912	84½	70	..	..
1913	72½	50	..	..
1914	71	45	102½	101
1915	46	46	..	..
1916	49	32⅛	95	90
1917	42	25	80	80
1918	29	25¼	..	..
1919	35	23	..	..
1920	50	28½	79	60
1921	46	35	81	64
1922	30	25	82	70
1923	30	15	81	67
1924	38	17	87	66
1925	46⅝	35¼	91¼	84
1926	56	40	94⅛	85½

Profit and Loss—

	1920 $	1921 $	1922 $	1923 $	1924 $	1925 $
Net earnings	563,070	465,716	516,839	433,353	404,388	371,710
Other income	54,484	42,877	13,905	13,967	16,484	12,250
	617,554	508,593	530,744	447,320	420,872	383,961
Interest	191,463	188,921	186,275	183,503	180,600	177,529
Preferred dividends	70,000	70,000	70,000	70,000	70,000	70,000
Common dividends	90,000	120,000	....	....	....	....
Surplus	266,091	129,672	274,469	193,816	170,272	136,432
Balance forward	289,172	415,264	432,936	557,405	651,221	691,494
	555,263	544,936	707,405	751,221	821,493	827,926
Depreciation reserve	100,000	100,000	150,000	100,000	....	....
Tax reserve	20,000	....	....	....	27,000	8,000
Reserve	20,000	12,000	....	....	103,000	....
Office site reserve	....	....	....	....	....	25,000
	415,264	432,936	557,405	651,221	691,494	794,926
xRate % earned on common	2.85	7.20	4.58	4.14	3.1	......

xAfter "Depreciation" but before charging off property account.

EXCLUSIVE FEATURES MAKE UTILITY SECURITIES SOUND

(Continued from page 33)

dustrials situated in the province of Quebec.

The effect of diversification such as Shawinigan obtains in its load is that earnings do not fluctuate widely, and even in those companies which obtain their earnings from what amounts to one source, because of the fundamental services which they supply, the earnings do not fluctuate in the same ratio as the earnings of the industry supplied.

Securities Widely Held

The wide distribution of the securities of the public utilities is another safeguard to the investor. It tends to insure harmonious relationships between the management and the customer, it provides a sure and stable market for the securities and builds for a future stability of the industry generally.

Then again, the investor is usually fairly safe in purchasing securities of companies which have an excellent record and, broadly speaking, the public utilities record over a long term of years is more satisfactory possibly than any other single industry in the Dominion.

It has perhaps been thought that the market for gas and power particularly has been fully developed and that future growth depends on the growth of the population. This hardly seems to be so, for new uses are being found almost daily both for gas and electricity and the demand for power and gas has grown much faster than the increase in the population, though the latter itself is a factor which will increase the demand. Statistics show that the sales of electricity per capita are now approximately 3.5 times greater than 10 years ago; and gas 1.6 per cent. One other thing assures a growing market for the output of power and gas; it is the increasing industrialization of this age.

Gas Shows Growth Too

The industrial use of gas, too, has shown a stupendous growth and the increase in the last ten years on this continent is estimated at 1,000 per cent. Gas is now being used industrially in about 5,000 different ways and some 25 per cent. of the total gas manufactured in North America is used industrially.

One other factor which makes for stabilized earning power is that in other industries earnings are made—or lost—in the inventory, but the inventories of electric companies are used to build further distribution systems, whilst with gas companies, its coal and oils are burned almost immediately. Again, the gas and electric companies do a cash business, as do the tramways; there are few, if any, recorded losses. If the bills are not paid, the service is discontinued. Few gas, electric of telephone users could afford this. From a manufacturing angle, of course, the product, both gas and electricity, is consumed as quickly as it is made.

Taken by and large, fortunately, the managements of the Canadian public utility companies are efficient—perhaps they have the most efficient management of any group of corporations in Canada to-day. One of the reasons for the satisfactory character of the managements lies in the fact that the utility industry increases its capital commitments by about 10 per cent. annually. Thus, there is the need for more and more financing and the managements, realizing that they must go to the public frequently for further funds, operate businesses which are satisfactory from every angle.

Public Utility Commissions

In most of the provinces there has been established a public utilities commission which regulates the companies' activities and in some instances their rates. Such supervision benefits the investor through an assurance of a fair return on capital investment and a freedom from competition so long as the services provided are satisfactory. It also is an assurance against a wasteful or spendthrift management or the excessive issuance of securities at improper prices.

A very basic factor in the public utility business is the lack of waste, due to competition; the idea of competing public utilities, with their duplication of the tremendous investment necessary, has long since been regarded as uneconomic.

True, in one or two points in Canada, such competition does exist, usually between a privately-owned company and one of the publicly-owned hydros. It is gradually being realized that the older private enterprises are entitled to a fair return on the investment and—more important—the public throughout Canada generally is awaking to the absurdity of competition between public utilities. Undoubtedly, in the long run, where such competition exists, public opinion will force working agreements which will prevent waste. One example of this is the recently concluded agreement between the Manitoba Power Company and the Winnipeg Hydro-Electric. For the future, it seems that harmonious relations will prevail between these two competitors, thus eliminating much wasteful competition.

Indispensable Service

Another basic reason for the attractiveness of the securities of companies supplying gas, power and transportation lies primarily in the indispensable character of the services which they render.

Power to-day is the one indispensable factor in the art of living or making money; it takes drudgery out of the home and out of the factory; carries the workers to and from their places of employment and turns the wheels of industry and furnishes heat.

Just how indispensable are these services is perhaps not realized by the investor until he considers what the result would be should all the electrical engineers and gas engineers be removed from off the face of the earth. Civilization would come to an end.

There is no doubt that the emerging of civilization from the medieval period dates only with the application of power of one sort or another. Hydraulic first, then gas, then steam, and lastly, hydroelectric. Electricity was the last to be utilized and to-day far outstrips its competitors. Power then, in its various forms, is the basis of our modern civilization and it is this fact upon which is based the fundamental strength of an investment in the public utilities, for to-day, the basis of most utilities is power. This applies to gas as well as to tramways and lighting companies. In other words, if the world to-day depends on power in its various forms, and only on power, what better investment for the savings of the average man than the securities of the sound public utilities?

Lower St. Lawrence Power

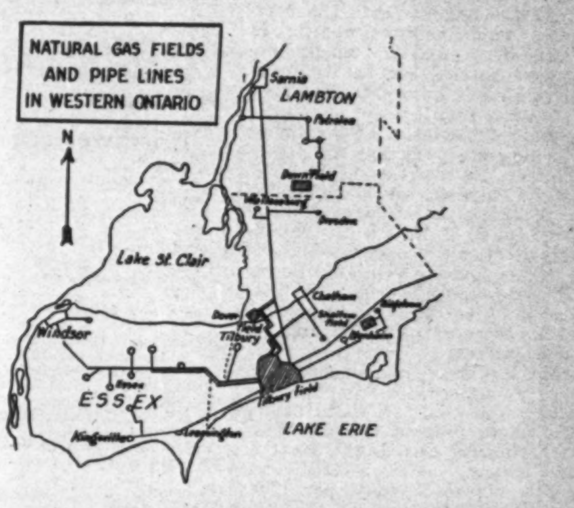
The Lower St. Lawrence Power Company has made some progress over the past year, and gross and net earnings have been better. The company operates in the Amqui, Rimouski, Metis and Matane districts of Quebec. A portion of the output is absorbed by a subsidiary which owns the 105 mile power transmission line to Campbellton, N.B., and supplies power in that town.

Capitalization—
Common stock, 20,000 shares, no par value. No preferred stock.

Funded Debt—

7% 1st mrtg. bonds, due Aug. 1, 1947	$750,000
8% gen. mrtg. bonds, due 1932	350,000

Officers and Directors—
J. A. Brillant, pres. and mgr.; R. O. Sweezey, vice-president; P. E. Gagnon, secretary; J. E. Pinault, Frank Battles, D. I. McLeod, R. M. Robinson, F. J. Brown, J. A. Despardins.



A GREAT PUBLIC SERVICE

24,000 homes in the Counties of Essex, Kent and Lambton are served with PURIFIED NATURAL GAS of high heating value through 855 miles of pipelines from 173 wells of THE UNION NATURAL GAS COMPANY OF CANADA, LIMITED. The markets embrace the Border Cities, Chatham, Sarnia, Wallaceburg, Petrolia, Tilbury, Ridgetown, Blenheim, Essex, Belle River and Tecumseh. In order to serve our customers in the three counties large sums are spent every year in the development, production, purification, transmission and distribution of gas. The price paid for this WONDER FUEL by the average customer the year around is only sixty cents per thousand cubic feet, and this is for a gas with nearly double the heating units of manufactured gas, which in many places sells for $1.00 to $1.50 per thousand cubic feet.

THE
UNION NATURAL GAS COMPANY
OF CANADA, LIMITED
Head Office—Chatham, Ontario

Harnessing Canada's Waterpower

Smoky Falls on the Mattagami River

Canadian General Electric plays an important part in the development of Canada's waterpower. Every day C.G.E. generating equipment helps to further the great work of transforming Canada's "White Coal" into cheap electrical energy. Ask your nearest C.G.E. office for information on generating equipment.

AA-3

CANADIAN
GENERAL ELECTRIC Co. Limited
HEAD OFFICE TORONTO. SALES OFFICES IN ALL PRINCIPAL CITIES

International Utilities

Controls Public Utility Properties in Canada and U.S. — Canadians Interested in Western Natural Gas and Northwestern Utilities

International Utilities Corporation has widened its interest in Canada somewhat during the past year by the acquisition of some small public utility properties. The parent company's net earnings have shown a very substantial increase during the past year both in gross and in net. The company owns public utility properties in the United States and its Canadian activities are carried out by a wholly owned subsidiary known as the Canadian Utilities, Limited.

The chief subsidiaries of the Canadian holding company are the Canadian Western Natural Gas, Light, Heat & Power Company, which distributes gas in Calgary, Lethbridge, McLeod and other towns in Alberta, the Northwestern Utilities which serves Edmonton with gas, and the Princeton Petroleum Co. owning oil leases in the Viking field in Alberta. In the first two companies there exists a Canadian investment interest.

During last year, in response to a demand for lower rates from the city of Calgary, the board of public utility commissioners ordered the Canadian Western Natural Gas, Light, Heat & Power Company to reduce its rates from 43 cents to 38 cents per 1,000 cubic feet, with the proviso that the company should be enabled to earn 8 per cent. on its investment. The management, while doubtful that adequate earnings could be shown at the lower rate, concurred in the ruling of the board. The new rate will allow the company to sell considerably more gas for heating purposes and it is hoped that the increased demand will enable earnings to be maintained.

The Northwestern Utilities, since its inception, has steadily grown and earnings applicable to bond interest are far above the requirements.

The Northwestern Utilities has expanded rapidly and earnings are naturally increasing also. The investment interest in this subsidiary is confined to its bond issue.

Capitalization—

	Authorized	Outstanding
Class "A" stock ... (No par value)	500,000 shs.	*133,762 shs.
Class "B" stock ... (No par value)	500,000 shs.	*504,462 shs.
Preferred .... (No par value)	100,000 shs.	30,000 shs.

*After eliminating stock owned by subsidiary companies.

Dividend Record—
Initial dividend of 87½ cents a share on Class "A" stock paid Jan. 15, 1925; regular quarterly payments since. Initial dividend of $1.75 a share on the $7 cumulative preferred stock paid Nov. 1, 1925, payable quarterly, Feb., May., Aug., and Nov. 1.

Officers and Directors—
P. M. Chandler, chairman of board and pres.; T. A. McAuley, F. N. Bacon, E. H. Wands, J. R. Dunlop, J. H. C. Phelan, vice-presidents; A. S. Hart, sec.; H. D. Brown, Jr., E. J. Hallberg, asst.-sec.; H. Williams, jr., treas.; R. P. Buell, Geo. de B. Keim, A. S. Kimberly, R. E. Wilsey, E. Coste.

Can. West. Gas

Capitalization—

	Authorized	Outstanding
Common	$8,000,000	$8,000,000
Preferred	1,000,000	693,700

Funded Debt—

5% first mortgage debenture stock redeemable 1936	$1,394,343

Dividend Record—
On preferred in 1925, 6% paid quarterly, 6% in 1926. Initial dividend on ordinary of 1% paid Aug., 1914; 1% paid March, 1915; 1% Aug., 1915; 2% Nov, 1916; 2% Dec., 1917; 2% Dec., 1918; 3% Mar., 1926.

Officers and Directors—
C. J. Yorath, pres. and man. dir.; F. W. Bacon, vice-pres.; A. G. Baalim, A. E. Cross, P. M. Chandler, J. W. Davidson, Paul R. Johnson, P. D. Mellon, H. S. Tims, H. S. Watts, sec.

Profit and Loss—

	1924	*1925	*1926
Sales of gas ...	$918,597	$1,590,923	$1,220,493
Misc. earn	33,137	25,893	62,616
	$951,734	$1,616,816	$1,283,109
Gas. pur.	192,752	119,215	227,409
Expenses	327,895	463,328	328,517
Written off ...	1,757	3,280	5,624
Interest	114,674	137,602	113,668
Depreciation ..	4,028	6,159	7,876
Income tax ...	....	20,137	12,223
Res. for dep. ..	298,250	382,920	132,256
Profits	$ 12,377	$ 484,175	$ 455,536
Com. dividends.	....	.....	240,000
Pref. dividends.	....	8,561	29,262
Surplus	$ 12,377	$ 475,614	$ 186,274
Prev. surplus ..	....	12,377	487,990
P. & L. surplus	$ 12,377	$ 487,991	$ 674,264

*For 15 months.

Northwestern Utilities

Capitalization—

	Authorized	Outstanding
Common .... (No par value)	60,000 shs.	60,000 shs.
Pref. cum. 8%	$1,500,000	$1,500,000

Funded Debt—

First mortgage sinking fund 7% bonds, due 1938	4,000,000	3,250,000

Officers and Directors—
C. J. Yorath, pres., and man. dir.; W. K. Fraser, sec.; H. Williams, Jr., treas.
P. M. Chandler, chairman; F. W. Bacon, vice-pres.; T. A. McAuley, vice-pres.; P. R. Johnston, Geo. de B. Keim, H. R. Milmer, J. Garrett, P. A. Thomson, A. S, Kimberley, S. Rogers, H. C. Flood, R. P. Buell.

Profit and Loss—

Gas department, year end, Dec. 31,	1925.
Revenue	$643,117
Expenses	186,372
Amort. reserve	77,448
Depletion reserve	92,938
Bond interest	227,387
Other interest	25,821
Contingency reserve	6,000
	$615,966
Net profits	$ 27,151

Can. Niag. Power Co.

Subsidiary of Falls Power Serves Ontario Shore — Bulk of Output to Buffalo

Canadian Niagara Power Co. is a subsidiary of the Niagara Falls Power Company, which is one of the group of generating and distributing companies reorganized in New York state a year ago, under the name of Buffalo, Niagara & Eastern Corp. The Canadian Niagara operates the only remaining privately-owned generating plant on the Canadian side at Niagara Falls. The capacity of the plant is 100,000 horsepower. The bulk of the current generated is transmitted to Buffalo by high tension lines, following the shore of the Niagara River to Fort Erie, where it is carried across on wires suspended from two high towers. From time to time the Ontario Hydro-Electric System has taken some thousands of horsepower of current generated by this company, and at the present time 10,000 horsepower is sold in a block to the Dominion Power & Transmission Company.

Some thousands of horsepower are sold direct to consumers at Fort Erie, Bridgeburg, Crystal Beach, and elsewhere along the Canadian shore. The rates are similar to the rates established in Buffalo by the Buffalo General Electric Co. Many of the Canadian-Niagara consumers are preferred shareholders in the parent company.

The only stock of the company not held by the Niagara Falls Power Co. is valued at $2,500, being only the qualifying shares of directors. The 6 per cent. Canadian-Niagara debentures due January 1, 1932. to the amount of $6,480,000 are held by trustees under refunding and general mortgage of the Niagara Falls Power Co.

While the power plant is not the newest on the Canadian side, it is generally regarded as efficient. There are reserve units which enable the company to exercise to the full limit of its franchise for the diversion of water.

Capitalization—

	Authorized	Outstanding
Stock .... (No par value)	300,000 shs.	300,000 shs.

Owned by the Niagara Falls Power Co.—299,750 shares.

Funded Debt—

1st mortgage debs.—		
Series "A"	$3,000,000	$3,000,000
Series "B"	2,000,000	1,980,000
2nd mtge. series "C"	5,000,000	1,500,000

All series 6%, due 1932.
The Niagara Falls Power owns all of these issues.

Officers and Directors—
A. Munro Grier, pres.; M. Cohn, jr., vice-pres.; W. Nesbitt, P. A. Schoellkopf, gen. mgr.; A. D. Robb, sec.; A. H. Schoellkopf, asst. to gen. mgr.; W. P. Litttle, treas.; J. F. Lynch, asst. treas.

Canadian Marconi

New System in Operation — Company's Position Seems Improving

The annual report of the Canadian Marconi Company, covering the year 1926, will not make its appearance until about June next. at which time the shareholders will be able to obtain some idea of the progress which is being made. Until that date it will be impossible to obtain any real estimate of earnings during the past year. One of the reasons for the delay in publishing the annual report is due to the fact that the company has stations on ships at sea and at other points where it takes some time to obtain the figures for the year just concluded. The company is controlled by the Marconi Wireless Company of Great Britain.

During the past three months it put into operation new transmitting equipment at Drummondville, P.Q., and new equipment at its receiving station at Yamachiche, P.Q. Both these stations operate under the new Marconi short wave beam system, and operate at a lower cost than under the old method. In Great Britain the company is now linked up with the post office telegraphs, which should provide increased traffic through its stations.

The company operates ten stations for the Newfoundland government, and twenty stations in Eastern Canada and Newfoundland for the Canadian government. It also owns and operates two high-power stations at Glace Bay and Louisburg, for trans-Atlantic service. In Montreal the company manufactures wireless apparatus, radio sets and similar equipment. The 1925 annual statement showed a decided improvement in earnings, and in its financial position.

Capitalization—

Authorized	Outstandoing
$7,500,000	$2,520,000

(Shares $1.00 each)

No funded debt.

Dividend Record—
None.

Officers and Directors—
Dr. M. L. Hersey, pres.; Sen. G. Marconi, vice-pres.; R. Bickerdike, vice-pres.; A. E. Dyment, vice-pres.; H. W. Allen, Lorne C. Webster, Rt. Hon. F. G. Kellaway, W. H. Peak, H. M. Short, man. dir., A. L. W. MacCallum, acting sec.

Profit and Loss—

	1922	1923	1924
Profit	$ 22,251	x$39,144	x$42,510
Depreciation ...	7,388	.....	.....
Balance	$ 14,868	x$39,144	x$42,510
Written off	254,287	.....	.....
Bal. org. exp....	10,109	.....	.....
Balance	†$249,528	x$39,144	x$42,150
Prev. bal.	257,012	7,484	†31,660
Balance	$ 7,484	†$31,660	x$74,170

†Deficit.
xLoss for year before making provision for depreciation and amortization of patents.
Net profits for the year 1925 totaled $37,984.

Automobile Output Figures Indicate Revival of Industry

Automobile production in Canada during January last recorded a substantial increase as compared with the preceding month, but in the more significant comparison with the same month a year ago, showed a decrease, according to a report of the Bureau of Statistics. Output last month totalled 11,745 passenger cars and 3,631 trucks, as compared with 6,052 passenger cars and 1,700 trucks in December and production in Janauary, 1926, of 11,781 passenger cars and 3,698 trucks.

It is interesting to note that figures on world automobile ownership, compiled in the United States, place Canada in fourth position, with a total registration of 820,222. The United States, Great Britain and France, occupy the first three positions in order named. The record of the Bureau of Statistics on registrations, production, imports and exports last year, however, do not bear out these figures. On the Bureau's estimate Canada should have slightly over 900,000 cars, which would place the Dominion in third and not fourth position among the automobile owning countries of the world.

Added Attraction for Tourists

Alberta is to have an added attraction for tourists during the coming season, with the completion of permanent all-weather highways through the main parts of the province. The trunk highway from the International Border through to Edmonton, will be completely gravelled during the coming year, and will be practically ready for all tourist traffic. The highway from Calgary west to Banff and from McLeod west through the Crow's Nest Pass, have also been completed for tourist travel and this will now give readier access for tourists to some of the most famous mountain scenery in the world.

MONTREAL ENGINEERING COMPANY, LIMITED

Consulting and Operating Engineers

164 St. James Street - Montreal

Supervising the operation of the following Public Utility Companies:-

Bolivian Power Company, Limited
Calgary Power Company, Limited
Demerara Electric Company, Limited
International Power Company, Limited
Newfoundland Light & Power Company, Limited
Nova Scotia Tramways & Power Company, Limited
The Porto Rico Railways Company, Limited.
San Salvador Electric Light Company
Venezuela Power Company, Limited

Valuations, Investigations and Reports on Public Utility and Industrial Properties. Design and Construction.

MONTREAL TRAMWAYS COMPANY

50,000 people daily use this new, beautiful and convenient transfer and terminal station.

A Premier Public Utility Investment

Based on Progressive and Far-Seeing Traction Service to Canada's Largest and Fastest Growing City. Unique Contract with the City also a Strength Factor.

THE strength of Montreal Tramways securities well evidences that there is no more sound public utility investment on this continent. And reason for investors' confidence in Montreal Tramways is not hard to find.

MONTREAL'S GROWTH

There is the knowledge on the part of the keen investor that whilst Montreal is today Canada's largest city, yet it is bound to expand rapidly and consistently. This means that today's close to 1,000,000 population becomes tomorrow's 1,250,000, and so on — a growth which causes the expansion of the Montreal Tramways, or rather the Montreal Tramways assists the expansion of the city, for its management is ever alert in preceding with tramways service those districts which lend themselves to growth.

PROVEN MANAGEMENT

Evidences of progressive and capable management — that great essential for investors' confidence — are not lacking.

The new Craig Street transfer and terminal station, in operation one year, has more than justified its expectations in relieving traffic congestion and speeding tramways service.

The auto bus service has proven its worth and convenience. Who would have believed ten years — even three years — ago that 67 busses would be rendering exceptional transportation service, day in and day out, summer and winter, in Montreal?

Further additions to the company's rolling stock will be made in the near future and will include new cars and busses with all the latest improvements.

"SERVICE AT COST"

Municipal and traction authorities from the United States and other countries come to Montreal to study its traction system — not only because of the physical equipment and methods of operation but because of the unique "Service at Cost" contract between the Montreal Tramways Company and the City of Montreal.

This contract is an assurance alike to the City of Montreal, to the Montreal Tramways and to the investors that the interests of all will be mutually and justly safeguarded — unhampered by restrictive and prejudicial practices.

PUBLIC CONFIDENCE AND EMPLOYEES MORALE

The Montreal Tramways Company enjoys the confidence of the public it serves, intelligently endeavors to meet the city's transportation needs, and welcomes all constructive criticism.

Employees are trained in efficiency and courtesy and through the company's Mutual Benefit Association are fully safeguarded.

The Montreal Tramways grows ahead of and with the city it serves. Its investment strength is well-founded.

Montreal Tramways Company

Montreal Water

Montrealers Are Incensed Over Deal Negotiated With City —Senator Webster is Associated

Within recent months, the large majority of the shareholders, both preferred and common, of the Montreal Water & Power Co. sold their shares to new interests at a price of $100 for the preferred and $85 for the common. Thus, the new interests acquired control of the property on an offer equivalent to $4,308,000 for all the stock outstanding. The company has outstanding some $5,500,000 in bonds; thus, the total price for which the property changed hands within comparatively recent weeks, amounted to less than $10,000,000. Now, the new interests are endeavoring to sell the property for $14,000,000 to the city of Montreal—a net profit, on a $4,308,000 deal of more than $4,000,000.

Naturally, business men in and the citizens of Montreal are up in arms against the purchase which has already been ratified by the City Council. The deeds of the property have not yet changed hands. Every effort is being made to prevent the sale at $14,000,000.

May Arbitrate

It is obvious that a $4,000,000 profit on a transaction such as this must mean that either the city of Montreal is paying a ridiculously high price for the property or else the original shareholders sold out at too low a price—but the original shareholders are satisfied with the price which they obtained and considered it to be a good one. In the meantime it is proposed that the price at which the property will change hands be submitted to arbitration.

The franchises which are owned give the company exclusive rights to supply water to certain districts in the city of Montreal, and also in Westmount and Outremont. It owns two reservoirs, with a total capacity of over 52,000,000 gallons and has some 200 miles of mains and 52,000 customers. Generally, speaking, the franchises which it owns run for a term of 50 years, dating from 1891.

Capitalization—	Authorized	Outstanding
Common	$2,000,000	$1,120,000
Preferred	2,000,000	500,000

Funded Debt—	
Prior lien bonds, 4½ per cent., due 1932	$4,750,353
First mtge. 5% bonds, due 1932	831,161

Dividend Record—
7 per cent. on preferred 1922 to 1926 inclusive. On common, 8 per cent. per annum, payable quarterly, 7 per cent. paid for years April, 1922 to April, 1926. Increased to $2 a share per annum May 1926. Stock dividend of 100 per cent. paid in 1923.

Officers and Directors—
W. I. Stube, pres., W. H. Sutherland, C. M. Bennett, F. H. Pitcher, G. B. Allison, R. G. Liddy, W. W. Wetherspoon.

Profit and Loss—

To Apr. 30th—	1924	1925	1926
Gross rev.	$1,170,480	$1,242,799	$1,300,029
Oper. rev.	456,457	450,535	458,546
Gross profit	714,023	792,264	841,483
Interest	237,518	242,486	238,744
Profit	476,505	549,778	602,739
Bond disc.	17,750	16,800	10,800
Res. for damage	25,000	25,000	25,000
Sinking fund	58,128	57,147	56,432
Reserve for bad debts	15,000	5,000	5,000
Depreciation	164,618	170,236	173,891
Written off	......	25,000	......
	280,476	299,183	271,123
*Net profit	196,029	250,595	331,616
Pref. divid.	35,000	35,000	35,000
Com. divid.	28,000	42,000	78,400
Surplus	133,029	173,595	218,216
Surp. forward	†613,588	484,641	628,236
	746,617	658,236	846,452

*Before providing for income tax.
†After deducting reserve for federal taxes, etc.

Newfoundland Light

Enlarged Power Development Brings Steady Increase in Earning Power

Earnings of the Newfoundland Light & Power Co. during 1926, and at present, are showing substantial increases, due to the enlargement of the company's power development a year or so ago. The result of the improvement in earnings was reflected in the initial common stock dividend declaration last December. The company is making good progress, and has completely re-constructed its tramways.

The Newfoundland Light & Power Co., and its predecessor companies have successfully operated for 26 years the electric lighting, power and tramways business in St. John's, the capital of the Dominion, which has a population of some 38,000. It owns and operates a development with an installed capacity of 7,000 horsepower. A year ago this plant was developing only 4,200 horsepower. In addition it owns water power capable of a total development of 12,000 horsepower.

Customers Are Increasing

The number of light and power customers at present served exceeds 5.500, an increase of over 11 per cent. during the past year. The company operates under a favorable franchise which expires in 1946, and which carries with it the provision for an extension. Fixed charges are earned by a good margin, and the recent dividend declaration gives a favorable outlook for the future.

A consistent increase in the consumption of light and power at St. John's is anticipated due to the development of that Dominion's natural resources which is taking place; further developments of the company's water power sites will be undertaken as the need arises. The majority of the common stock of the company is owned by the International Power Co.

Capitalization—	
Common shares Stock control is held by International Power.	$1,500,000
6½% 1st Mort. Bonds, Series "A" due 1949	1,000,000

An additional $250,000 6½% First Mortgage Bonds, Series "A," and $500,000 Mortgage Debentures, held in the Treasury, may be issued as required for the general purposes of the company.

New Brunswick Power

Subjected to Unfair Competition — But Earnings Are on Up-grade

For some time, the New Brunswick Power Co. has experienced the severest kind of competition with its competitor, the publicly-owned New Brunswick Hydro-Electric. The whole situation surrounding the company is unsatisfactory, for the New Brunswick Power Co. has operated the power and tramways system in the city of St. John, N.B., for many years, but of recent years the government allowed the publicly-owned enterprise to come into St. John and to erect lines and supply customers within the city.

Of course, such competition is economically unsound, and has been reflected in the earnings of the company. However, the tide seems to have turned, and earnings of the company appear once again to be on the up-grade. Thus, the situation holds a little better promise for the owners of the second preferred shares. Substantially, all the common shares of the company are owned by the Federal Light & Traction Company. Earnings are, and have been for some time, increasing.

Capitalization—	Authorized	Outstanding
Common (No par value)	$2,000,000	20,000 shs.
1st pref. cum.	3,500,000	$1,000,000
2nd pref. non-cum.	1,500,000	350,000
Funded Debt—		
First gold 5% bonds due 1937	5,000,000	1,821,000

Dividend Record—
The company passed its first and second preferred stock dividends, payable Sept. 1, 1918, and dividends on its second pref. payable Dec. 1, 1918. Full dividends were paid on first pref. during 1919, also payment due Sept. 1, 1918, which was paid May 24, 1919, but the dividend due Mar. 1, 1920, was passed. All dividends on first pref. have now been paid to Mar. 1, 1925. An interim dividend of 1% was paid on 1st pref. June, 1926. Last previous was paid Mar. 1925. On second pref. the payment due Sept. 1, 1918, was made May 24, 1919, and dividends of 1¾% each were also paid June 1, 1919, and Dec. 1, 1919. No dividends have been paid on second pref. since May 17, 1920. Second pref. is now cumulative from Dec. 1, 1922. Common dividends are payable only out of surplus earnings from the transaction of business after April 1, 1917. No dividends have ever been paid on common.

Officers and Directors—
E. N. Sanderson, president; W. C. Allison, W. S. Fisher, W. E. Golding, J. M. McAvity, A. P. Paterson, R. Sullivan, L. C. Gerry, M. A. Pooler, vice-pres. and general manager, J. A. Olive, sec.-treas.

Profit and Loss—

	1923	1924	1925
Gross earn's.	$991,945	$770,349	$701,393
Expenses	754,665	624,026	556,953
Net earn.	$237,280	$146,323	$144,440
Bond. int.	92,500	92,445	91,076
Other int.	9,616	14,276	18,769
Pref. div.	70,000	70,000	17,500
Income tax	......	3,500	4,438
	$172,116	$180,221	$131,783
Surplus	65,164	*33,898	12,657
Prev. surplus	54,489	119,653	85,755
P. & L. bal.	$119,653	$ 85,765	$ 98,412

*Deficit.

Calgary Power

Earnings Steadily Increasing—Eventually Will Augment Its Power Development

Over the past few years the profits of the Calgary Power Co. have shown a steady increase, and, it is said that when the report for the 1926 year makes its appearance, that the company's record will be maintained.

Practically the entire power output is sold en bloc to the city of Calgary, and only a few larger industries are served direct.

For some years the company has endeavored to obtain permission from the provincial government to develop further power at Spray Lake, situated in the Rocky Mountains National Park. The situation regarding this further development is a little involved, for the province of Alberta is apparently undecided as to whether it will build its own plant or withdraw its application to the federal government, and thus permit private capital to proceed with the enterprise. It is said that the citizens of Banff and Calgary favor the projected power development, but that it is being opposed by others unfamiliar with the situation on the ground that the undeveloped power site is within an area preserved for the beauty of its scenery.

Capitalization—	Authorized	Outstanding
	$3,000,000	$1,900,000

Funded Debt—
First sinking fund gold 5 per cent., due 1940, $2,842,620.

Dividend Record—
None.

Officers and Directors—
I. W. Killam, pres.; G. A. Gaherty, man.-dir.; V. M. Drury, W. C. Pitfield, A. E. Cross, R. B. Bennett, C. B. Hammond, treas.

Market Record—

Year	Common High	Common Low
1918	30	27
1919	30	22¾
1920	22¼	15
1921	6¾	1
1922	7¼	5
1923	11½	4
1924	52	15¼
1925	53	46½
1926	52½	47

1922, 1924 and 1925 quotations from London as there has been no dealing in Montreal.

Profit and Loss—

	1926	1925	1924
Gross earn.	$333,414	$371,965	$409,793
Oper. exp.	67,338	69,257	93,833
Net earn.	266,076	302,699	315,960
Depreciation	70,000	50,000	50,000
Interest	146,471	144,357	141,547
Income tax	3,390	11,519	11,077
Expenses	15,424	......	......
Surplus	30,791	96,823	113,336

Secretaries Organize

The Ontario branch of the Chartered Institute of Secretaries made its first formal debut last week by way of a dinner. G. O. Merson was chairman and the chief business was the appointment of committees to organize sub-branches in Toronto, Hamilton and London. The Ontario branch will be controlled by a council composed of the organizing committee and representatives from each branch. Student societies have been formed in Toronto and Hamilton, and the intention is to give weekly lectures which will be of value to students who are preparing for the examination of the institute. The secretary for Ontario, is Wesley Taylor, 347 Bay St., Toronto.

Ottawa-Montreal

Company's Business is Showing Fair Improvement — Might be Linked With S.C.P.

The business of the Ottawa-Montreal Power Co. is showing a fair improvement. The territory served includes no fast-growing industrial districts, so that large increases in the demand for the company's power need not be anticipated.

The Ottawa-Montreal Power Co. owns five water powers in the province of Quebec, with an installed capacity of 10,000 horsepower. It supplies light and power to over 43 municipalities in Quebec and Ontario, situated on both sides of the Ottawa River. The territory served includes the peninsula formed by the junction of the St. Lawrence and Ottawa Rivers, and has a population of 105,000. While it is a good agricultural district, there are also some larger companies such as the J. C. Wilson Co., at Lachute, P.Q., and the International Paper Co.'s mill at Hawkesbury, which purchase power from the company.

It is thought that eventually the lines may be linked up with those of the Southern Canada Power. The company was incorporated some two or three years ago by the consolidation of two power and light companies which had been in successful operation for a number of years in the district. The demand for power was increasing and necessitated an extension to the properties; this brought about the consolidation. The company is controlled by the Power Corporation of Canada.

Capitalization—	Authorized	Outstanding
Common (No par value).	25,000 shs.	21,500 shs.
Cum. pref., 7% (Shares $50 each).	$1,000,000	$750,000
Funded Debt—		
First mortg. sinking fund, 6½% bonds due 1949	5,000,000	1,500,000

Dividend Record—
Dividends on preferred, 7 per cent. per annum payable quarterly, Jan., April, July and Oct. 15.

Officers and Directors—
A. J. Nesbitt, pres.; J. B. Woodyatt, vice-pres.; E. R. Parkins, K.C., James Ross, J. M. Robertson, P. A. Thomson, L. C. Haskell, sec., C. Johnstone, treas.

Profit and Loss—

Year ended June 30.	x1925	1926
Gross earnings	$261,261	$289,947
Pur. power, oper., etc.	129,221	123,290
	132,040	166,657
Interest	83,062	89,374
Depreciation	20,000	20,000
Income tax res.	2,900	4,550
Pref. dividends	19,432	52,500
Balance	6,646	233
Prev. balance	....	6,646
P. & L. bal.	$ 6,646	$ 6,879

x 14 months to June 30.

St. Maurice Power

Largest Shawinigan Subsidiary is Steadily Improving Its Position—Earnings Increase

Due to the growing industrial developments in the province of Quebec during the past year, the demand for power has shown a consequent growth; this has naturally bettered the earnings of the St. Maurice Power Co., one of the largest subsidiaries of the Shawinigan Water & Power Co. St. Maurice Power sells its output through the parent company and develops 130,000 horse power. The ultimate capacity of the plant is 165,000 horse power. International Paper also has an interest in the development and is understood to own about 10,000 shares of the outstanding stock. But Shawinigan controls the company, which was formed to develop the water power resources of a site at Gres Falls, on the St. Maurice River. A subsidiary company was formed because the parent organization did not own the entire power site.

While the stock sells at a high figure, yet the pulp and paper industry in the St. Maurice valley district has made immense strides, which, coupled with a continued growth of the industry there, must tend further to increase the power consumption which will eventually be well reflected in the earning power of the company. The outlook for the property is entirely satisfactory.

Capitalization—	Authorized	Outstanding
Stock	$8,000,000	$7,200,000
Funded Debt—		
6½% first mortgage sinking fund gold bonds due 1953	12,000,000	9,026,600
Sterling deb. stock	....	973,400

Officers and Directors—
Julian C. Smith, president; H. Murray, O.B.E., vice-pres.; J. E. Aldred, Sir Lomer Gouin, K.C.M.G.; W. S. Hart, Sir H. S. Holt, G. W. MacDougall, K.C.; J. Wilson, sec.; W. S. Hart, treas.

Profit and Loss—

	1925	1926
Power sales	$798,000	$1,029,000
Rentals	9,386	2,379
Total income	$807,000	$1,031,379
Operation	37,473	39,549
Maintenance	19,371	28,700
Tax and ins.	20,550	28,908
General exp.	21,912	29,307
Storage rental	46,723	84,286
Balance	$661,356	$ 830,627
Interest	650,000	650,000
Net revenue	$ 11,356	$ 170,627
To reserves	11,000	170,000
Surplus	$ 350	$ 627
Prev. surplus	...	356
P. & L. bal.	$ 356	$ 983
7% earned on stock	...	2.37

Foundries and Forgings May Resume Dividend

From Our Own Correspondent.

MONTREAL.—It is understood that the management of the Canada Foundries and Forgings Company is to consider the resumption of dividend payments on the preferred stock. The shares are at present some 42 per cent. in arrears; eventually, no doubt, these arrears will be liquidated in some fashion when the time comes for the resumption of dividends.

The preferred shares have been quoted around 80, which compares with a price of about 70 at the close of 1926. The low for 1926 was 45. In 1924 the stock touched 108½. The low for that year was 102½.

THE NATIONAL CITY COMPANY CANADA

PUBLIC UTILITIES
Mighty Servants of Civilization

Electric light and power, telephone and telegraph, street railway, gas—these public services together make up a great industry outranked in point of capital investment today only by agriculture and the steam railroads. Public utility service, as we know it, could not be removed from the modern scheme of things without sacrificing much of the social and industrial progress which has already been made.

Besides being distinctive in providing services indispensable to modern life, the public utility industry possesses other characteristics which make it one of the most desirable fields for the profitable use of investment capital. Investment discrimination is of course necessary in this field as in any other because the industry is so widely scattered geographically, so varied in its activities and offers securities of so many different types and grades.

Public utility investments as a class, however, have achieved an enviable record primarily because the industry as a whole is built upon such a solid fundamental basis.

As part of a world-wide organization with many years of experience behind it and with special facilities for judging utility investment values, we are in a position to offer a wide range of public utility securities—securities which must conform to certain standards.

Our publication "Investment Securities," which will be sent each month upon request, will keep you in touch with our current recommendations.

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204 Blackburn Building, OTTAWA
71 St. Peter Street, Quebec

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198

CANADIAN WESTINGHOUSE

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Westinghouse generators and other electrical equipment in the power and public utilities field are the last word in modern engineering achievement.

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Westinghouse

Great Lakes Power

Earnings Show Increase Every Year Since 1920, Rights Are Valuable

Great Lakes Power Co. is the hydro-electric company which serves Sault Ste. Marie and the large industries in the community, such as Algoma Steel Corp., the Algoma Central & Hudson Bay Railway, International Transit Co., and the Lake Superior Paper Co. The original development was acquired from the Algoma Steel Corp., and consisted of an intake canal of the capacity of 10,000 cubic feet per second, which gave approximately 14,000 horsepower. Of this 11,000 water horsepower is sold to the Lake Superior Paper Co., under a 99 year contract, the balance being developed and sold in the district.

An additional canal parallel to the original canal has been constructed, which gives 29,200 electric and 12,000 hydraulic horsepower. The Electric Development Co. owns the entire capital stock of International Transit Co., which operates the street railway system in Sault Ste. Marie and the ferry service between Sault Ste. Marie, Ontario, and Sault Ste. Marie, Michigan.

The company has been granted the right in perpetuity, without rental or other charges, to the use of 20,000 cubic feet per second of continuous water on the Canadian side of the St. Mary's River. This contract has been ratified by the international joint commission.

The earnings of the company have shown an increase every year since 1920. The fixed charges are earned more than two and a half times. The earnings per share preferred are equivalent to about $40, and the earnings per share of common equivalent to about $9.90.

Capitalization—

	Authorized	Outstanding
Common	$2,000,000	$2,000,000
Preferred 7%	600,000	600,000

Funded Debt—

First mortgage 6% gold bonds, due serially, 1924 to 1944	3,000,000	2,545,000

Dividend Record—

Preferred dividends regularly paid quarterly. On common, dividends of 4% each paid in 1921, 1922, 1923, 1924 and 1925.

Officers and Directors—

S. Insull, president; M. J. Insull, vice-pres.; J. A. McPhail, vice-pres.; O. E. McCormick, sec. and treas; E. J. Knight, assistant sec.; S. Buttrick, B. A. Eckhart, J. O. Heyworth, D. R. McLennan, J. L. Martin, A. E. Pickering, gen. man.; J. M. McNeil, asst. sec.

Profit and Loss—

	1923	1924	1925
Gross income	$577,488	$585,037	$601,367
Oper. expense	$162,019	$190,465	$207,161
Fixed charges	169,563	162,266	154,557
Net profits	$245,905	$232,306	$239,649
Pref. div.	42,000	42,000	42,000
Com. div.	80,000	80,000	80,000
Surplus	$123,905	$110,306	$117,649

Duke-Price Power

Now Controlled by Aluminum Co. — Plant's Output Eventually Will be Increased

About a year ago, the ownership of the Duke-Price Power Co., which was formerly owned bv the Quebec Development Co., changed hands. Of the Quebec Development Co., Price Bros. & Co. owned one-quarter of the stock and the remaining three-quarters was owned by the Duke interests in the United States. At the present time, the Aluminum Company of America owns 53 1/3 per cent. of the Duke-Price stock, the Shawinigan Water & Power Co. owns 20 per cent., and the remaining 26 2/3 per cent. has been retained by the Duke-Price interests.

The plant now has ten units of 45,000 horsepower each installed and in operation. It is intended to instal eventually two more units to bring the plant up to its ultimate capacity of 540,000 horsepower.

The company owns transmission lines which connect it with the chief industrial users in the Lake St. John territory, and among others holds contracts with the Aluminum Company of Canada, the Shawinigan Water & Power Co., Price Brothers & Co., and the Port Alfred Pulp & Paper Corp.

Sold Under Contract

Of the total power which the plant supplies, 240,000 horsepower is supplied under a contract which runs for 50 years—ten years beyond the maturity of the bond issue outstanding, which is the only interest which the investor has in the company.

At the present time, the Shawinigan Water & Power Co. has under construction a transmission line from the city of Quebec to the Duke-Price plant, which will transmit 100,000 horsepower from the Isle Maligne plant to the Shawinigan Water & Power Company's system.

With the tremendous growth of the industrial area situated between Lake St. John and the deep water ports of the Saguenay there is every expectation that the revenues of the company will grow.

The power plant is located at Isle Maligne on what is known as the Grande Descharge of the Saguenay River, close to its source in Lake St. John.

Capitalization—

	Outstanding
Common (No par value).	210,000 shs.

Funded Debt—

First mtge., 6 per cent., due 1966	$37,000,000

Officers and Directors—

A. V. Davis, pres.; G. G. Allen, R. P. Bradford, J. E. Aldred, W. R. Perkins, J. H. Price, L. McCarthy, J. C. Smith, J. F. Van Lane, W. C. Parker, sec.-treas.

Avalon Telephone

System is Steadily Growing — Outlook for Future Satisfactory

Since it acquired its system from the Anglo-American Telegraph Co., the Avalon Telephone Co. has steadidly expanded. Further extensions are still under way.

The company's system extends throughout the Avalon peninsula within a radius of some 100 miles of St. John's, Newfoundland, and serves a population in excess of 100,000. The company's business has grown from some 900 telephones in 1919 to over 4,600 telephones at the present time. The properties include a telephone exchange of concrete construction in the city of St. John's, together with a modern telephone exchange having an ultimate capacity of 10,000 telephones, and a complete distribution system of underground and overhead lines throughout the city of St. John's.

The company has assets in excess of twice the amount of its bonds outstanding. Earnings last year were in excess of twice the bond interest requirements, but the government of Newfoundland has allowed the company to increase its rate commencing January 1, 1927, and therefore earnings during the current year should increase. As the number of telephones per thousand of population is greatly below the normal for similar districts in Canada, the company's business can be expected to show a steady growth.

Capitalization—

	Authorized	Outstanding
Common	$300,000	$236,350
Pref. non-cum., 7% (Par $25)	400,000	400,000

Funded Debt—

First gold 6½% bonds, series "A", due 1942, $150,000. Series "B", 6%, due 1945, $75,000. Both the issues of bonds are called for redemption on April 1, 1927.

Dividend Record—

Dividends regularly paid on preferred, semi-annually, Jan. and July 1. On common, 2 per cent. was paid in 1922; 4 per cent. in 1923.

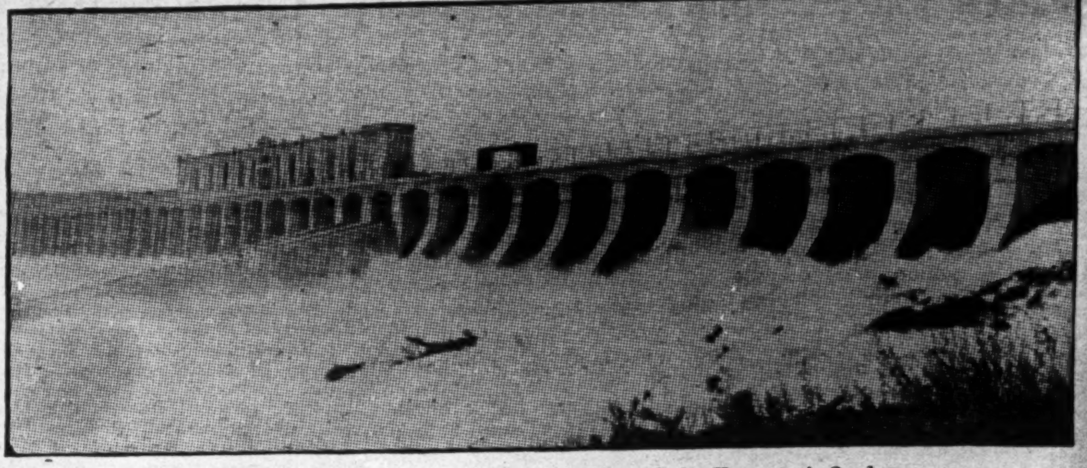
Officers and Directors—

Hon. J. J. Murphy, pres.; R. J. Murphy, vice-pres., and man. dir.; J. D. Cameron, sec. and treas.; J. Healy, supt.; G. Browning, M. E. Martin, W. B. Milner, J. Fenelon.

Profit and Loss—

	1925	1924	1923
Gross earnings	$117,561	$106,931	$102,760
Oper. exp., taxes etc.	65,722	67,561	55,487
Net earnings	$ 51,839	$ 39,370	$ 47,273
Bond interest	10,496	9,750	8,901
Other interest	2,668	1,011	965
Other charges	5,404	5,137	6,607
	$ 18,568	$ 15,898	$ 16,473
Net income	$ 33,271	$ 23,472	$ 30,800
Dividends	13,772	28,351	25,631
Surplus for year	$ 19,499	x$4,879	$ 5,119

xDeficit.



Dam at Portage des Roches, Chicoutimi River, Lake Kenogami, Quebec.

Modern Power Developments Due in Large Measure to CONCRETE

The adaptability of concrete to problems of design and the ease with which it may be handled at even the most inaccessible and difficult sites, have gone a long way towards making practicable power developments on the scale that we know to-day.

And it is these modern plants, harnessing the limitless resources of Canada's lakes and streams, that have stimulated the industrial growth of the Dominion, to its present proportions.

Concrete is permanent and fire-safe. Most of the materials needed in its making are usually found in close proximity to the site of the undertaking. The other component, "Canada" Cement, is always immediately available in any quantity at any place.

We maintain a Service Department to co-operate in all lines of work for which concrete is adapted. Our library is comprehensive and is at your disposal at all times, without charge. Write us.

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CANADA CEMENT
CONCRETE
FOR PERMANENCE

Natural Gas in Alberta

THE United States and Canada stand first and second respectively in the list of the world's producers. Ontario and Alberta are the only Provinces in Canada in which extensive resources have so far been found. In Ontario, fields have shown signs of exhaustion, but in Alberta the situation is different. In the search for oil during the last decade many large flows of natural gas have been struck and extensive fields in several areas have been proven up.

Cities of Calgary and Lethbridge

These cities and the towns of MacLeod, Claresholm, Nanton, Okotoks, Granum and Brooks, with a total population of 84,000 are provided with Natural Gas by the Canadian Western Natural Gas, Light, Heat & Power Company, Ltd., head office at Calgary, from its fields at Bow Island, Foremost, Chin Coulee and from the Royalite Company's field at Turner Valley. The transmission system consists of 253 miles of 4 inch to 16 inch pipe and the distribution system 158 miles of 1¼ inch to 16 inch pipe.

The peak load consumption in one day last winter was 26,000,000 cubic feet of gas, the number of customers being almost sixteen thousand.

City of Edmonton

This City and the towns of Viking, Bruce, Ryley, Holden and Tofield, with a total population of 67,000, are provided with Natural Gas by the Northwestern Utilities Limited, head office at Edmonton, from its field at Viking, situated about 80 miles east of Edmonton. Twelve wells have been drilled in this field, proving up an area of over 30 square miles and each well has been a large producer. The supply of gas for a great many years is therefore assured. The total number of consumers served from this field and the Company's distribution system, which was installed and put into operation in November of 1923, is 7,300.

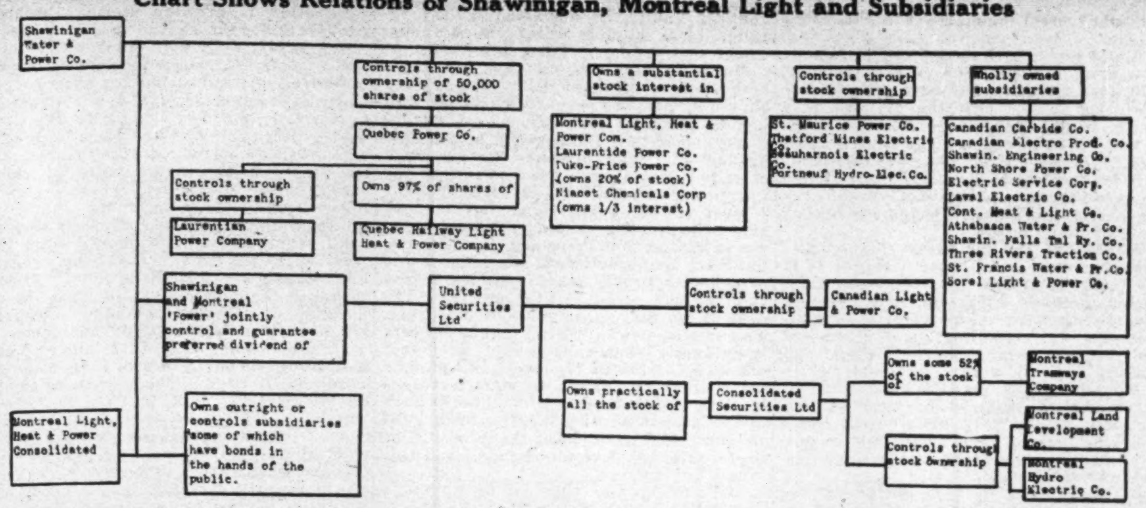
The peak load consumption in one day last winter was 13,000,000 cubic feet of gas.

NATURAL GAS is one of the greatest assets which any community can possess, particularly in Western Canada. When it is realized that large gas fields are being continually located throughout the Province and that their economical development is controlled by a Board of Public Utility Commissioners who recognize and insist upon sound principles of development being adopted, it will be realized that both the interests of the consumer and investor are properly safeguarded.

CANADIAN WESTERN NATURAL GAS, LIGHT, HEAT & POWER COMPANY, LIMITED
CALGARY - - - - - ALBERTA

NORTHWESTERN UTILITIES LIMITED
EDMONTON - - - ALBERTA

Chart Shows Relations of Shawinigan, Montreal Light and Subsidiaries


Shawinigan Water & Power Co.
Controls through ownership of 50,000 shares of stock
Quebec Power Co.
Controls through stock ownership
Laurentian Power Company
Owns 97% of shares of
Quebec Railway Light Heat & Power Company
Owns a substantial stock interest in
Montreal Light, Heat & Power Com.
Laurentide Power Co.
Duke-Price Power Co. (owns 20% of stock)
Niacet Chemicals Corp (owns 1/3 interest)
Controls through stock ownership
St. Maurice Power Co.
Thetford Mines Electric Co.
Beauharnois Electric Co.
Portneuf Hydro-Elec. Co.
Wholly owned subsidiaries
Canadian Carbide Co.
Canadian Electro Prod. Co.
Shawin. Engineering Co.
North Shore Power Co.
Electric Service Corp.
Laval Electric Co.
Cont. Heat & Light Co.
Athabasca Water & Pr. Co.
Shawin. Falls Tel Ry. Co.
Three Rivers Traction Co.
St. Francis Water & Pr. Co.
Sorel Light & Power Co.
Shawinigan and Montreal 'Power' jointly control and guarantee preferred dividend of
United Securities Ltd
Controls through stock ownership
Canadian Light & Power Co.
Owns practically all the stock of
Consolidated Securities Ltd
Owns some 52% of the stock of
Montreal Tramways Company
Controls through stock ownership
Montreal Land Development Co.
Montreal Hydro Electric Co.
Montreal Light, Heat & Power Consolidated
Owns outright or controls subsidiaries some of which have bonds in the hands of the public.

The accompanying chart reveals clearly the association which exists between many of the utilities in the province of Quebec and the major power companies, the Shawinigan Water and Power Company, and the Montreal Light, Heat and Power Consolidated. It will be seen that through the United Securities, the two parent companies own control of the Montreal Tramways, and that the Consolidated Securities, the new company recently formed to acquire the Montreal Tramways and Power, owns also control of the Montreal Land Development Company. With the growth of the city of Montreal, this property might eventually bring some revenue to the parent company.

United Securities also controls the Canadian Light and Power Company which recently scaled down of its capitalization. It is now on a proper basis and should do comparatively well in the future.

The chart shows that Shawinigan controls the ownership of 50,000 shares of stock out of a total of some 79,000 shares of stock of the Quebec Power Company.

The Niacet Chemical Corp., in which Shawinigan owns a one-third interest is situated in the United States and was incorporated to operate under chemical manufacturing processes discovered at Shawinigan is Canadian Electro Products plant. Large U. S. chemical companies are associated with Shawinigan in this undertaking.

While the Shawinigan Water and Power Co. is primarily a wholesaler of power, yet in certain instances the company has found it advisable to enter the business of retailing and this has resulted in subsidiaries, such as the Beauharnois Electric Company, the Thetford Mines Electric and many of the others.

Shawinigan Power

Largest Canadian Power Company With Long Record of Efficient Management — Expansion is Under Way — Outlook is Excellent

One of the most satisfactory features of the situation at present affecting the shares of the Shawinigan Water & Power Co. is the continued growth of the earning power of its subsidiaries.

The subsidiaries which Shawinigan either controls or owns outright are many and varied. The chief subsidiary, in which it owns over 50 per cent. of the stock outstanding, is the Quebec Power Co. Quebec Power is steadily increasing its earning capacity, and is bringing in a larger revenue to the parent company. The subsidiaries of the Quebec Power Co., such as the Laurentian Power and the Quebec Railway, in turn are also experiencing much improved earnings. Then there is the St. Maurice Power Co., in which Shawinigan owns the majority of the stock outstanding, and such wholly-owned subsidiaries as the Canadian Carbide and the Canadian Electro-Products Company. It is understood that practically without exception all these subsidiaries are bringing in an increased revenue to the parent company. In addition, Shawinigan is finding a wider market for its output, due to the increasing industrial developments in the province of Quebec. These favorable factors will have a material effect on the gross earnings.

Control of Tramways

Shawinigan, jointly with Montreal "Power," controls the United Securities Co., which in turn controls the Montreal Tramways Co., and some other subsidiaries. Earnings from this source are also improving.

During the past year, Shawinigan acquired a one-fifth interest in the Duke-Price Power Co., and next autumn the new transmission line connecting the Shawinigan system with the Duke-Price plant on the Saguenay will have been completed. Shawinigan holds a contract with Duke-Price for delivery of 100,000 horsepower beginning next autumn.

In addition, the company has other plans for expansion under way. These include the development of the Carillon power site on the Ottawa River. This project will be undertaken jointly with other power interests, including Montreal Light, Heat & Power Consolidated, as soon as it is possible to come to an agreement with all the various interests interested in the site.

The territory served by the company stretches from Oka, on the Ottawa River to Murray Bay on the Lower St. Lawrence—a distance of more than 250 miles. In addition to serving the growing industrial area of the St. Maurice Valley, its lines also extend to the southern side of the St. Lawrence and serve a portion of that section of the province. Thus, the company serves the largest and most growing sections of Quebec.

Production of Power

In addition to its own plants, the company purchases a large block of power from the Laurentide Power and the Southern Canada Power Co.

The installed capacity in the company's plants and the power purchased is as follows:

Shawinigan Falls Plant No. 1....	58,500 h.p
Shawinigan Falls Plant No. 2....	145,000 "
†Laurentide—164,000 h.p. installed Less 37,500 h.p	126,000 "
La Gabelle	126,500 "
St. Narcisse	20,000 "
Quebec	11,500 "
St. Féréol	20,000 "
Disraeli	3,000 "
Shawinigan River	1,300 "
†Hemmings Falls	10,000 "
	515,800 "
Sold as hydraulic power at Shawinigan Falls	65,000 "
	580,800 h.p.

†Purchased from other companies.

Some of the company's subsidiaries obtain and sell Shawinigan Power, and others simply generate power for the parent company.

The record of Shawinigan has been one of steady expansion with earnings ploughed back into property, and it has been only within the last year or two that the shareholders have really begun to feel the benefit of the mangement's conservative policy extending over many years. What with the plans for expansion which the company has in view and with those practically completed, such as its additional energy from the Duke-Price plant, coupled with the industrial expansion which the province of Quebec has experienced and is experiencing, the outlook for the future may be said to be more than favorable.

Capitalization— Outstanding
Capital stock .... 1,600,000 shs.
No par value.
In December, 1926, the common stock of $100 par value was exchanged for new stock on a basis of four new for one old.

Funded Debt—
Consolidated mortgage 5 per cent. bonds due 1st July, 1934, redeemable at 110, interest payable 1st January and July, outstanding, ... $3,263,000
First refunding sinking fund gold bonds:
Series "A" 5½% due 1950 ...... $6,000,000
Series "B" 6% due 1950 5,334,000
Series "C" 6% due 1950 6,000,000
Series "D" 5½% due 1954 2,000,000
Series "E" 5% due 1955 4,473,000
Less bonds redeemed and cancelled by sinking fund 940,500

Dividend Record—

Year	Per cent	Year	Per cent.
1907	2	1917	7
1908-09	4	1918	7
1910	4	1919	7
1911	5	1920	7
1912	5¼	1921	7
1913	6	1922	7
1914	6	1923	7
1915	6½	1924	7
1916	7	1925	7¼
		1926	8

A dividend of $2 per annum is being paid on the new stock.

Officers and Directors—
J. E. Aldred, president; H. Murray, O.B.E., and J. C. Smith, vice-presidents; M. J. Curran, H. J. Fuller, Sir Lomer Gouin, Sir Herbert S. Holt, R. W. Kelley, Col. G. P. Murphy, C.M.G., W. S. Hart, treasurer; G. W McDougall, K.C., Beaudry Leman, Jas. Wilson, secretary.

Year	High	Low	Year	High	Low
1912	154¾	122	1919	127½	114½
1913	149	119	1920	119½	97½
1914	142¾	111	1921	109½	110
1915	139⅞	110	1922	116¾	102½
1916	137	126¾	1923	123½	112
1917	131	107	1924	137½	118¼
1918	118½	107	1925	175	130½
			1926	275½	167½

Comparative Statement Shawinigan Power.

Profit and Loss—	1921 $	1922 $	1923 $	1924 $	1925 $	1926 $
Gross earnings	4,224,046	4,629,642	5,110,539	5,741,079	6,702,034	7,660,207
Oper. exp. taxes	1,385,051	1,676,581	1,939,646	2,420,528	3,001,158	3,243,140
Balance	2,838,995	2,953,061	3,170,893	3,320,551	3,700,876	4,417,067
Interest	1,048,182	1,155,778	1,189,333	1,274,652	1,334,538	1,459,743
Depreciation	200,000	200,000	350,000	350,000	350,000	350,000
Net earnings	1,590,813	1,597,283	1,631,560	1,695,899	2,016,338	2,607,324
Dividends	1,400,000	1,400,000	1,400,000	1,400,000	1,676,250	2,050,000
Balance	190,813	197,283	231,560	295,899	340,088	557,324
xPrev. balance	39,593	145,593	159,253	229,070	308,158	251,535
	230,406	342,876	390,813	524,969	648,246	808,859
Reserves	75,000	75,000	75,000	75,000	75,000	50,000
†Surplus	155,406	267,876	315,813	449,969	573,246	758,859
Rate % earned	7.92	7.86	7.9	8.00	8.06	9.48

xAfter adjustment.
†Subject to deduction for income tax.

Ottawa Traction

Financial Position Not Revealed But Presumably Company Needs to Increase Rates

Perhaps one of the reasons why the shares of the Ottawa Traction Co. sell on such a high yield basis is due to the fact that the annual report provides the shareholder with no real idea of the financial resources of the company, for the total assets of the Ottawa Traction Company consist only of a bond issue and practically the entire issued stock of the Ottawa Electric Railway Co. The holding company's profit and loss account simply shows the total dividends received from the subsidiary company, and this amount is paid out in full in dividends of the parent company. The subsidiary publishes no annual statement.

While there is a dearth of statistical information regarding the company's operations, yet the common stock has the appearance of an investment issue. The present company is the lineal descendant of the first tramway system in the Dominion. It operates under a franchise which provides for the exclusive operation of an electric railway or any other transportation system in the city, and thus prohibits competition from motor buses. Fares may be adjusted from time to time to insure a fair profit on the invested capital.

Operates Under Board

Regulation of fares comes under the jurisdiction of the Board of Railway Commissioners. In 1928 and at the end of any subsequent five-year period, the company has the right to submit a new tariff of fares for the next five-year period. It is understood that the company is to ask for an increase in its rates, which indicates that the present fare has been found to be inadequate and that the subsidiary company has not been doing well.

Since 1866 the company has operated continuously and successfully under a five-cent fare. This provides some indication of the competent management which, despite the general increase in tram fares throughout North America, enabled the company to pay dividends during the war and in subsequent years. This result was obtained probably only through ploughing back earnings during the fat years, which has allowed the steady payment of dividends despite the fact that the subsidiary is now apparently in a position where an increased fare is required to cover all annual charges.

Company's Liabilities

The liabilities of the Ottawa Traction Company consist of a $3,000,000 bond issue, and its $5,581,500 issue of stock. The bond issue is secured by a first mortgage bond issue of the same amount on the subsidiary company.

While no figures of the subsidiary company's operations are available, it is understood that the net earnings during 1926, showed an increase which is understood to be in the neighborhood of $65,000 for the year. The following table indicates the trend of earnings of the subsidiary over the past twenty-five years:

Year	Car Mileage	No. of Fare Passengers Carried	Gross Earnings
1900	2,238,704	7,094,656	$ 315,022
1905	2,619,791	9,891,311	449,634
1910	4,075,360	16,967,334	748,709
1915	4,703,681	24,361,867	1,041,100
*1920	5,039,571	36,396,831	1,786,066
1925	4,992,951	34,366,662	1,733,357

*1920 results were inflated by abnormal traffic conditions and temporary increase in population, due to enlarged civil and military staffs dealing with the demobilization and re-establishment of the Canadian Expeditionary Forces.

The Ottawa Traction Company has paid annual dividends of 4 per cent. plus one per cent.. bonus continuously since its organization over thirteen years ago.

Capitalization—

	Authorized	Outstanding
Common	$10,000,000	$5,581,500

Funded Debt—
First mortgage and collateral trust bonds, 5½%, due 1955 .... $3,000,000

Dividend Record—

Year		Year	
1914	4+1%	1920	4+1%
1915	4+1	1921	4+1
1916	4+1	1922	4+1
1917	4+1	1923	4+1
1918	4+1	1924	4+1
1919	4+1	1925	4+1
		1926	4+1

Officers and Directors—
T. Ahearn, president; T. F. Ahearn, E. N. Soper, T. Workman, Col. G. P. Murphy, C.M.G., J. F. Smellie, G. F. Henderson, K.C., Major F. D. Burpee, G. L. Snelling, sec.-treasurer.

Profit and Loss—

	1923	1924	1925
Income	$279,075	$279,075	$279,075
Dividends	279,075	279,075	279,075

Ottawa Electric Railway

Capitalization—

	Authorized	Outstanding
Stock .... (Par $100).	$4,000,000	$1,877,200

The Ottawa Traction Co. owns 18,605 shares which are deposited as security under its first mortgage & collateral trust sinking 7 per cent. gold bonds, due July, 1955.

Dividend Record—
Dividends from 1893 to 1904, 8 per cent. per annum; in 1905, 10 per cent.; in 1906, 12 per cent.; including bonus of 4 per cent. in Dec.; 1907 to 1910 inclusive, 10 per cent. and 2 per cent. bonus each year; 1911, 10 per cent. and 5 per cent. bonus; 1912 to 1925, 12 per cent. and 3 per cent. bonus each year.

Funded Debt—
First mortgage 5½%. due 1955 .... $3,000,000
All deposited as security for $3,000,000 Ottawa Traction Co.

Officers and Directors—
T. Ahearn, pres., F. D. Burpee, vice-pres. and gen. mgr., G. L. Snelling, sec. and treas., J. M. Ahearn, asst. mgr. and pur. agent, A. J. Tobin, supt., T. Workman, T. F. Ahearn, E. A. Soper, G. F. Henderson, G. P. Murphy.

N.B. Telephone

Stock is Very Popular — Company Has Confidence of Public

The stock of the New Brunswick Telephone Co. has a par value of $10, and changes hands at $14. Thus, it compares favorably with the stock of the Bell Telephone Company of Canada, which has a par value of $100.

The Bell Telephone Co. does not control the New Brunswick Telephone, but holds a minority stock interest only.

The company operates under the jurisdiction of the province of New Brunswick through its board of public utility commissioners. The commissioners allow the company to earn 8 per cent. on its capital investment. There are several reasons why the stock is popular, not the least of which is the fact that the company sponsors a customer-ownership policy, and a great many telephone users hold the stock; whenever any firm or individual becomes a large user of telephone services, the management makes it its business to see the user is also a stock-holder.

Thus the stock has become very widely held in small blocks which undoubtedly makes for a wider, higher and more stable market price. Should the company at any time be unable to earn its 8 per cent. dividend rate, it can ask for a revision of rates. In the past these revisions have taken place, and as the company has obtained the confidence of the public, rate adjustments have taken place without any public clamor. There is one mortgage outstanding against the property but it is small, and to all intents and purposes the company has no mortgage indebtedness outstanding.

POWER FINANCING DIFFERS FROM OTHER COMPANIES

(Continued from page 33)

though, it seems to be a habit to keep the total debt down to about 60 per cent. of the valuation of the property. With the Bell Telephone Company, the funded debt represents less than one-third of the value of its property.

Bonds in Bad Times

There appears to be rather a close connection between the ratio of funded debt to the total capitalization and the business cycle. In good times, when earnings are high, financing is undertaken by the issuance of junior securities which tends to reduce the proportion of bonds outstanding. In bad times, or depressed financial conditions, the companies generally tend to do their financing with bond issues which they can sell at a more satisfactory price.

The relation between preferred share issues and common stock issues is also of importance, for if the preferred share issue be larger than the common, the senior stock tends to depreciate in value, for the investor figures that while he shares the responsibilities of the common shareholders, yet at the same time he does not obtain a share in all the profits.

There is another point about the financing of public utilities which differs from other companies. The capital requirements of the power companies, the tramway companies and others serving the public's needs, are so large that as a rule it is impossible to obtain sufficient capital in any one locality and therefore successful and economical financing under these conditions requires the services of investment bankers.

Requirements Very Large

The investment banker of a public utility company advises what type of securities can be marketed best and while the underlying principles of the sale of securities are simple, yet the successful application of these principles requires a wide knowledge of investment conditions so that the utility may sell its securities at the proper time to obtain the lowest interest rate, may sell the proper type of securities best suited to its present and future financial requirements and such that financing in the future may not be handicapped in any way.

Public Utility Investments

Investors will find our facilities unusually complete and reliable when they wish to buy, sell or obtain information upon public utility securities.

Among the light, power, gas, traction and telephone companies with the financing of which we have been associated are the following:—

Avalon Telephone
Bell Telephone of Canada
B.C. Electric Power & Gas
Calgary Power
Eastern Telephone & Telegraph
International Power, and Subsidiaries
Maritime Telegraph & Telephone
National Telephone
Nova Scotia Tramways & Power
Ottawa Gas
Ottawa Light Heat & Power
Ottawa Traction
Western Power of Canada

Royal Securities Corporation
LIMITED
164 St. James Street, Montreal
Toronto Winnipeg Halifax Vancouver Saint John New York Quebec

A World-Wide Organization
at the Service of
Power and Public Utility Companies

PRACTICALLY all the large Pulverized Fuel Installations in power and public utility plants throughout the world have been installed by the Combustion Engineering organization. In England and South Africa, in particular, during the past year it has taken on some of the largest contracts ever placed for steam plant equipment.

This organization has accomplished more than any other for Power and Public Utilities in the development of products which have materially reduced the cost of Steam Generation to a basis which compares favourably with the cost of power developed by hydro-electric plants.

This fact justifies the installation of Steam Standby Plants as the emergency equipment of hydro-electric systems, to provide a reliable and always available source of power when interruptions occur.

Some of the products developed by Combustion Engineering Corporation, which are giving valiant service in power plants, are:—

CENTRAL STORAGE PULVERIZED FUEL SYSTEMS
UNIT PULVERIZED FUEL SYSTEMS
High efficiency—low operating cost

WATER COOLED FURNACES
AIR COOLED FURNACES
Low furnace maintenance cost

AIR PRE-HEATERS
Low stack losses — increased efficiency

NORDSTROM DRYING TOWERS

FLAT SUSPENDED ARCHES
STEAM GENERATING UNITS
High efficiencies — low operating and maintenance cost — small space requirements

MULTIPLE RETORT STOKERS

SINGLE RETORT STOKERS

CHAIN GRATE STOKERS

COAL HANDLING EQUIPMENT

ASH HANDLING EQUIPMENT

RUTHS STEAM ACCUMULATORS
— Steam storage

COMBUSTION ENGINEERING CORPORATION
POWER PLANT LIMITED EQUIPMENT
STOKERS OF ALL TYPES
PULVERIZED FUEL SYSTEMS
AIR PREHEATERS
COAL HANDLING EQUIPMENT
RUTHS ACCUMULATORS
SUSPENDED FLAT ARCHES
ASH CONVEYORS AND HOPPERS
PULVERIZING AND GRINDING MILLS
INDUCED AND FORCED DRAFT FANS
NORDSTROM DRYING TOWERS
HEAD OFFICE — MONTREAL. TORONTO. WINNIPEG. VANCOUVER

Quebec Power

Company is Spending Million Dollars in Coming Year to Expand Plants—Stock Split Big Bonus to Shareholders

Quebec Power shareholders are now enjoying the pleasure of the substantial profit afforded them by the opening of new stock. Each shareholder may up to March 15 purchase three shares of new stock at par for each ten shares now held. The stock is now on a 7 per cent. dividend basis, the company having earned 7.84 per cent. on the shares in 1926.

The shares sell well over 200, the advance during the past year having been sufficient to more than double the market price.

The Quebec Power Company, which is a Shawinigan subsidiary, was formed in 1923 to amalgamate the Quebec Railway, Light, Heat and Power and the Public Service Corporation of Quebec, two companies which had been previously competitors in the City of Quebec and surrounding district. As the result of this consolidation all of the utilities of the City of Quebec, street railway, gas, electric lighting and power, have been brought under the control of one company and by having one organization in the place of two, great economies have been effected, while further improvements are being made, which are expected to be reflected favorably in the company's earnings. The ordinary impression that the City of Quebec is not growing is not borne out by the earnings of Quebec Power's two subsidiaries, which have shown substantial growth during recent years. Incidentally the population served by the company's system is approximately 225,000.

Consolidation of the two companies has proven an enormous success and Quebec Power is showing consistent, steady growth. Plans for new development call for the expenditure of $1,000,000 for construction in the coming year.

Some time ago the Laurentian Power Company was purchased and new machinery was installed at the plant.

Capitalization—

	Outstanding
Common stock	$3,999,150
Preferred 7% cumulative	3,542,370
1st mortgage sinking fund 6% gold bonds due 1953	3,540,000
Debenture 6% stock £300,000	1,460,000

Dividend Record—
Preferred 7% per annum, payable 15 Jan., April, July and October. Common, 4% paid in 1924, 5% paid in 1925, increased to 6% for quarter ending Sept. 30, 1926.

Officers and Directors—
Julian C. Smith, pres.; Howard Murray, vice-pres.; W. S. Hart, treas., Jas. Wilson, sec.; Hon. A. Turgeon, C. H. Blanchard, J. H. Fortier, Dr. Milton L. Hersey, Jas. M. McCarthy, Hon. P. J. Paradis, Geo. Parent, M.P., J. T. Ross, C. E. Taschereau, Hon. L. C. Webster, J. E. Tanguay, gen. mgr.

Profit and Loss—

	1924	1925	1926
Gr. income	$908,470	$1,046,943	$1,238,301
Oper. exp.	230,280	236,444	271,034
Balance	678,186	810,499	967,267
Interest	300,000	300,000	300,000
Deprec.	30,000	60,000	100,000
Net. Rev.	348,186	450,499	567,466
Prd. Divs.	156,184	207,665	251,466
Com. Divs.	157,352	198,607	220,884
Surplus	34,649	44,225	94,917
Prev. surp.	1,357	36,006	57,576
*P. & L. bal.	36,006	80,232	152,493
P.C. on com.	4.37	6.07	7.54

*Subject to deduction for income tax.

Market Record—

	Common		Preferred	
	High	Low	High	Low
1923	81	60	91	88
1924	95½	64	105½	89⅞
1925	119	85	115	103½
1926	200	118	200	109½

Quebec Railway, Light, Heat & Power Co.

Capitalization—

	Authorized	Outstanding
Capital stock Par value $100.	$2,500,000	$2,500,000

Funded Debt—

Consolidated, 5% bonds, due 1939	$9,151,000
General mortgage bonds, due 1939 (purchased by Quebec Power Co., $1,300,000)	1,818,000
Income bonds, 5%, due 1951	3,307,200

Dividend Record—
3 per cent. paid in 1911; 1 per cent. in 1912; passed until 1926 when 4 per cent. was paid.

Properties—
Operates street railway system in Quebec and surrounding country; also electric light and gas plants. Controls six subsidiary companies.

Profit and Loss—

	1924	1925	1926
Gross inc.	$3,133,806	$3,243,123	$3,546,951
Oper. exp.	2,156,492	2,194,987	2,392,945
Net. op. inc.	977,314	1,048,135	1,154,006
Fixed chgs.	712,642	816,895	846,880
Balance	264,671	231,240	307,126
Deprec.	250,000	220,000	200,000
Balance	14,671	11,240	107,126
Dividends	....	....	100,000
Surplus	14,671	11,240	7,126
Prev. surp.	492,189	......	11,933
Total	506,861	11,240	19,059
Extra exp.	‡83,001	......	......
Balance	423,859	11,240	19,059
To dep. res.	423,859	......	......
xP. & L. bal.	......	11,240	19,059

‡Extraordinary repairs and expenses, applicable prior to January, 1924.
xSubject to income tax.

United Securities

Holding Company for Shawinigan and Montreal Light Controls Tramways

United Securities, Ltd., is a holding company which is owned jointly by Shawinigan and Montreal Light, Heat & Power Co., as will be observed by a chart which appears elsewhere in this edition. United Securities was organized in 1924. Shawinigan and Montreal Light paid $100 the share for the majority of the common stock of United.

By March 31, 1926, United Securities had acquired 172,000 shares of Montreal Tramways, and 35,050 shares of Quebec-New England Hydro-Electric Corp., the entire issued capital. This company is now a subsidiary of Montreal Light. In addition, United Securities owns 55 per cent. of the common shares and $1,300,000 of 5 per cent. first mortgage bonds of Canadian Light & Power Co.

Capitalization—

	Authorized	Outstanding
Common	$14,000,000	$5,126,173
Pref. 6% non-voting	6,000,000	5,125,372

Funded Debt—
None.

Dividend Record—
Preferred 6% per annum, payable quarterly, Jan., Apr., July, and Oct. 1.

Officers and Directors—
J. C. Smith, pres.; J. S. Norris, vice-pres.; J. Wilson, sec.-treas.; H. H. Hayden, asst. sec.-treas.; H. B. Murray, G. H. Montgomery, G. W. MacDougall, Hon. L. C. Webster, Hon. J. L. Perrin, C. S. Bagg, O. Dufresne.

Profit and Loss—
From June 20, 1924, to Mar. 21, 1926—

*From M. L., H. & P. Co.	$666,668
Applicable to capital	248,496
Balance	$418,168
Interest from loans	398,056
Total	$816,226
Interest from bonds	23,469
Total revenue	$839,696
General expense	88,235
Balance	$751,460
Interest	137,623
Net income	$613,837
Preferred dividends	520,050
†Surplus	$ 93,787

*Instalments received from Montreal Light, Heat and Power Com re sale of stock of Quebec New England Hydro Electric Corp.
†Subject to Federal income tax.

NEWFOUNDLAND ACQUIRES RICH AREA OF LAND

Canada's Loss in Suit Involves Big $250,000,000 Prize

A quarter of a billion dollars is added to Newfoundland's national assets, and its area tripled in size as a result of the favorable decision handed down by Privy Council in the dispute with Canada over the ownership of 111,300 square miles in the Labrador peninsula. The dispute lasted for twenty years and more than half a million words were addressed to the Privy Council by lawyers appearing in the case. It took five years for the contending parties to agree upon the exact wording of the question as to what is the boundary between Canada and Newfoundland in the Labrador Peninsula, and the legal battle between the two contending factions cost in the neighborhood of $1,000,000.

This case has come before the public periodically but as the area in question is virtually unpopulated and undeveloped, it is only in recent years that the matter of ownership has become a matter of some importance. This has been brought about by water power and pulp and paper developments in the province of Quebec. The new companies have found it both economical and profitable to establish their mills in the heart of their timber holdings and consequently those plants erected in the past two years have been put up in what was hitherto considered wilderness.

Natural Resources of Value

The gradual encroachment of corporations interested in water powers and pulp and paper into the more northern sections of Quebec has made it imperative that the question of ownership of land in the upper part of the peninsula should be definitely settled one way or the other.

The area, now legally belonging to Newfoundland, includes some 60,000 square miles of spruce forest valued at $250,000,000 and a cataract known as Grand Falls, compared with which the mighty Niagara takes second place. It is estimated that the available water power in the disputed area runs into several million horsepower, or half the total available in the whole province of Quebec.

Although Newfoundland will not benefit immediately as a result of the acquisition of this additional territory, it is possible that before many years have passed active work may be undertaken in bringing about the exploitation of the mineral, water power and forest wealth of Labrador. In such an event large revenues will accrue to the Colony together with a betterment in its financial and economic position.

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Book Reviews

New Bankers' Almanac Out

Five inches of shelf room are needed to provide ample space for the 1926-27 Bankers' Almanac and Year Book which has just been published by Thomas Skinner and Company. But for those who want such an international directory this volume is exceedingly important.

The Bankers' Almanac and Year Book is the work of publishers who have been in the bank directory field since 1844. It is an international banking directory and, while no pretense is made to include every bank, it is the aim of the publishers to include in its pages the necessary particulars of every bank doing an international trade or that an internationally trading bank would be likely to look up.

The indexes by name of bank and by country, city and town make it possible to locate easily any particular bank about which information is desired or enables one to find out the banks in any city or town in which communication is desired. This indexing is of a superior nature to any other directory published. Cable addresses are given and, in every case where the information is available, the codes used.

The 1926-27 edition, an improvement on an already well-nigh perfect publication, is published by Thomas Skinner and Company, 280 Broadway, New York, and 25 St. Nicholas Street, Montreal. The price is $14.00 delivered.

Essentials of Public Speaking

It would be hard to say which is the harder to listen to: the man who has taken a course in public speaking and bores his more sophisticated listeners with a memorized, perfectly gestured "oration" on "The Future of Our Fair Land" or the man who has a head crammed full of ideas but is unable, on his feet, to give easy, coherent expression to what he could, if he knew how, interestingly tell his listeners. If the first one would only unlearn much of what he has studied of the rule of public speaking and the second man would also forget that he is making a speech and make a few casual remarks, as he would in private conversation, both efforts would gain.

The best thing about the book on "Essentials of Public Speaking" that has been written by Warren C. DuBois is that it recognizes that a man can not acquire ability at public speaking by reading this or any other book. "The best way to learn to speak is by speaking," is the principle upon which the book bases its discussion of the subject. This might seem to make even Professor DuBois' volume unnecessary. In reality, though, it gives many useful hints on the subject that would be as valuable for the business man called upon for a few apt words on occasion as for the student in law, theology or other subject, who must master public speaking as one of his subjects of study.

Professor DuBois has taught public speaking for fourteen years as instructor in public speaking at New York University School of Commerce, Accounts and Finance.

The volume is published by Prentice-Hall, Inc., New York, at $2.

Commercial Air Transport

In line with its policy of issuing books on various technical subjects, Sir Isaac Pitman and Sons have published "Commercial Air Transport," by Lt.-Col. Ivo Edwards and F. Tymms, with a foreword by Air Vice-Marshall Sir Sefton Brancker. This volume is uniform with others in the Pitman's Transport library.

Considerable credit is due to the publishers of this book, as it is probably the first text-book on the absorbing problem of air transport to be placed at the disposal of the public. The subject is thoroughly covered by two experts, in language that is non-technical and which gives the reader an insight into the tremendous progress which has been made in this field and developments that may take place at a future date.

Only such subjects of which first-hand experience has already been gained are dealt with from an operational point of view, hence merely passing reference is made to the operation of airships, which, nevertheless, it is confidently anticipated will play a very important part in the future development of air transport. The book covers in a brief but adequate manner such topics as subsidies, state versus private operation, legislation, economic factors in the operation of services, traffic control, night flying, air navigation, passenger, freight and mail, continental routes and time tables, aircraft and engines, application of aviation to uses other than transport, etc.

The published price of the book in Canada is $2.25.

The Distribution Age

For many years the emphasis of modern business has been upon reducing production costs. Mass production, essentially a development of the North American continent, has been as far reaching in its effects as the change from hand labor to machinery was in England a century ago. Mass production has brought about economies formerly undreamed of. The result has been a great scaling up in the general level of prosperity; workers have been enabled to share through increased wages, in the economies achieved. Production costs have declined, despite the increased wages paid, and factory prices have been so reduced that we have safety razors produced at a cost of a few cents each, cigarettes, with a factory cost of a cent a box, and (during the war) steel helmets at eight cents apiece.

While business has rivetted its attention upon reducing the cost of production, less attention has been paid to distributing at low cost the articles produced. Ralph Borsodi, in this new work of his, which he terms "The Distribution Age," charges that distribution costs have trebled in the last fifty years. What we save through modern methods of production we are losing through the higher costs of distribution.

Where has the increased cost of distributing come in? Borsodi thinks it is the result of modern high pressure marketing methods. He condemns national advertising, national distribution, instalment selling, capitalization of good-will and all such related factors in the situation. This is a very sweeping series of condemnations, yet it must be remembered that Borsodi is no tyro at this business of studying distribution costs and, whether one agrees with him or not, one must consider that his opinions are not without weight.

Borsodi thinks we have gotten off the straight track in trying to make the retail merchant merely an agent for the manufacturer, handing out to customers what manufacturers through their advertising and selling methods induce the people to buy. We should get back to sounder habits, he declares; let the retailer be a buying agent for his customer, not trying to force his hand.

Manufacturers should give up their ambitions of national distribution; they should eliminate expensive packages that enable them to sell, say, wheat at $20 a ton and a few cents worth of a staple product at a fancy price. There is much more to Borsodi's general suggestions for bringing down the cost of distribution.

Most of his suggestions fail to consider the human element. There is no use in saying that there are, for instance, too many manufacturers. So long as one man makes profits manufacturing a certain article, others will go into the field to try and share some of his profit. There is no use in telling manufacturers individually that they would be better off each to stay in his own territory and leave other territories to manufacturers located within them. Undoubtedly such division of the entire market, each local industry taking its local trade, would be preferable, but it cannot be achieved this side of Utopia.

Still, we do like the last of Borsodi's suggestions, with which he closes an exceedingly interesting book. He considers our extravagant distribution system to be based upon the need for marketing each year a constantly increasing volume of production. And the volume of production is growing steadily because profits and new capital are constantly being invested in new plant which only adds to an overgrown productive superstucture. Instead of putting their excess earnings each year into new productive equipment and thus adding to the general overcrowding in the field of industry, manufacturers and other large scale investors should invest more of their money in the liberal arts, where the dividends come not in cash and therefore do not present problems of reinvestment each year. Borsodi, in short, wants the wealthy to stay away from the brokerage offices and browse around the art studios. Economically, the idea is as Utopian as most of the other ideas in the book, but we like it just the same.

On the whole, "The Distribution Age" is sufficiently thought-provoking to merit reading. It is published by D. Appleton Company, New York, at $3.

Small Spread on Loans

At the annual meeting of the Sterling Trusts Corporation, Charles Bauckham, the managing director, in seconding the adoption of the report stated that borrowing rates in England were from 5 to 5½ per cent., while lending rates in Ontario were 6 to 6½ per cent., and western rates were 7 to 7½ per cent. for carefully selected loans.

Public Utility Bonds

Producers and distributors of power and light provide one of the most essential public services. Bonds of such companies are highly regarded by investors, stability of earnings being a contributing factor to their popularity. For investment, we suggest the following:

Security	Rate %	Maturity	Price	Yield %
Montreal Light, Heat & Power Consolidated	5	1951	100.50	4.95
Montreal Public Service Company	5	1942	100.00	5.00
Gatineau Power Company (First Mortgage Bonds)	5	1956	97.50	5.17
Duke-Price Power Co., Limited	6	1966	106.00	5.62
Gatineau Power Company (Debentures)	6	1941	100.50	5.95

Full particulars regarding the above issues will be gladly furnished upon request.

36 King Street West,
Toronto.
Telephone: Elgin 4321.

Wood, Gundy & Company
Limited

COMSTOCK COMPANY LIMITED

SPECIALISTS AS ELECTRICAL CONTRACTORS

An organization equipped by experience and having capacity to make expert and complete electrical installations of all kinds.

Now doing the entire electrical work (exclusive of the turbines and generators) at the Chelsea and Farmers Rapids power plants of the Gatineau Power Company.

During the past five years we have handled the majority of the largest electrical installations contracted for in this country.

You, too, can rely on our skill and service.

CANADIAN COMSTOCK
Company Limited
New Birks Bldg., Montreal

QUIRKS & QUIBBLES IN POWER INDUSTRY

Sells an Instrument and Not a Commodity.
Steam and Hydro Compared.
What Does Power Cost?
What Brings Low Rates?
How Rates Are Made.
Effect of Competition
Many Technical Terms.

There are many little quirks and peculiarities about the power business which, while well known to those in the industry, yet do not obtrude themselves upon the investor, but which, nevertheless, have some bearing on the investment angle of the industry.

Why Steam is Used

If the water powers are of such value to the Dominion, why is it that some companies still use steam plants to generate a portion of their output? The answer is that steam generation of electricity is always cheaper than hydro-electric generation—under certain specific circumstances.

It is sometimes taken for granted that, because water is running down rivers, necessarily the cost of power developed from the rivers must be cheaper than steam. In the main, this is true, but if power is only used during a short portion of the day, it is not economical to make the large capital investment necessary to erect a hydro-electric plant which might supply power, say for four or five hours in the 24, and during the remaining twenty hours would carry no load whatesoever. Thus, it has been found less expensive to erect steam-electric plants which represent a less costly first investment to take care of the power demand. In the last few years, steam engine economies have made rapid strides and this has resulted in materially reducing the cost of steam electricity, but the principal factor in the real cost of power is the load factor and not the cost of the development.

What Load Factor Is

Briefly, load factor means the relationship which exists between the total power developed and the amount sold during the full day. A company having a 100 per cent. load factor means that its generators are loaded to capacity for the full 24 hours of every day. It is practically impossible to obtain such a high load factor, but this is the ultimate objective of the companies and power rates are naturally adjusted so that those who purchase power when the demand is low, obtain a cheaper rate than those who purchase at peak periods. For instance, if a manufacturer only wants power between 5 and 7 p.m. he will be forced to pay dearly for his energy, because the power companies are carrying their peak loads at that time of day, what with office lights, home lights, heavy tramway service and electric stoves.

Brings Low Rates

If, however, the same manufacturer definitely contracts for a certain number of horsepower to be supplied throughout the whole 24 hours each and every day, naturally his rate will be much lower.

This explains why some pulp and paper companies can afford to generate steam by electricity. They purpase their current en bloc and at off-peak times utilize the energy so purchased to generate steam.

The comparison between hydro and steam electricity is interesting. In hydro companies, about 85 to 90 per cent. of the revenues go to pay fixed charges; about 10 per cent. go to pay operating charges. With steam plants, on the other hand, about 50 per cent. goes to fixed charges and 50 per cent. in operating costs, and in consequence it is possible to materially reduce costs in a steam plant by cutting down operating charges when the plant is idle, or when the plant has a low load to carry. With a hydro plant this is impossible. The financing of power companies is also different from other industrial organizations. Hydro-electric companies are fortunate if they can turn their capital over once in five years, often it will be turned over once in eight years. Coupled with this, the companies find an increasing demand for more and more power annually. Each year, on an average, the companies must be ready to increase their capital investment by around 10 per cent.

Raising Low Cost Capital

To-day the management of most companies is giving its keenest thought to the subject of raising additional capital at as low a cost as possible. This is one of the factors that led to the introduction of customer-ownership campaigns.

This explains also why power companies as a rule do not make closed issues of mortgage bonds. The trust deed covering the bond issues, provides for the issuance of more bonds as the capacity of the plants is increased.

Rate-making is based on the capital cost plus the load factor. Only an expert can work out rates and any writer who endeavors to do so empirically is bound to be wrong.

In Canada, to purchase a power site and erect a plant costs, on an average, say $150 per horsepower. In some instances, this cost is as low as $90, but in others it might run up to $400 per horsepower.

Fixed charges of 7 per cent. on $150 would amount to $10 50 a year and added to this there would probably be another 5 per cent. for depreciation and other charges, so that the actual cost of the continuous output of one horsepower over a year would amount to $18 annually in a development costing originally $150 per horsepower.

Naturally, if the consumer were purchasing only a small load from such a development, the rate which he would pay would have to vary with the volume and the length of the duration of the load used by the other consumers on the lines.

From this it will be seen also that power costs must vary with money costs. The power rates from a development erected when money cost 7 per cent. would naturally be higher than a similar development erected when the bonds could be sold on a 5 per cent. basis. This applies to power sold at the switchboard at the plant. But only a little power is sold thus.

An increase of only 1 per cent. in the interest which a company must pay in fixed charges results in a much larger increase in the actual cost of the power. For instance, presuming a development costs $100, the annual fixed charges on the money invested would be $5 to which might be added a further $3 for other charges, including operating and depreciation. This makes the total cost of the power developed of $8 annually. Presuming the money were secured at 6 per cent. instead of 5 per cent., the annual cost of the power of the plant would amount to $6 plus $3 for other charges, making a total of $9 annually. Thus an increase of 1 per cent. in the fixed charges makes an increase of 12 5 per cent. in the actual cost of the power.

Application is Important

Perhaps it is not realized just how beneficial to the Dominion is the development of its water power. In the United States, from figures taken from a large number of companies serving many fields, it has been worked out that the capital investment in a 1,000 horsepower plant amounts to $250,000, employs 8 5 persons and pays annual wages of $13,350.

It has been worked out that the power so made available results in a further capital investment in manufacturing plants of one sort or another of some $1 500,000 employing a further 380 persons and paying annual wages of over $550,000. So that it can be seen that it is the application of power, rather than the development, which is of importance.

It would be worth while to review the chief reasons why power or public utility companies can only be operated on an economic basis provided they experience no competition, or are, in other words, monopolies.

Competition Raises Prices

Competition in other industries brings lower prices, but the competition in the power or public utilities field brings increased rates to the consumer. Most business houses or industries have only one turnover of their capital four or five times a year, but the utilities have only one turnover in four or five years at the earliest. In the ordinary competitive business a considerable portion of the money is invested in inventories which are sold rapidly and the money thus obtained is used to purchase more stock. With utilities the money invested goes into equipment, including generating plants, transmission lines and conduits.

The cost of such equipment is at least four or five times as much as the gross yearly income of the company from the sale of electricity and when competing plants are installed to serve the same territory, the already large overhead is increased, and at the same time, there is no possibility of obtaining an increased use of the power. Thus, the business will be split between two companies, making a gross yearly revenue each of only eighth or one-tenth of the amount invested instead of one-fourth or one-fifth as at present.

Is Ridiculous Situation

Two power companies serving the same territory create what amounts to a ridiculous situation, for there are two power plants, two transformers, two lines, two meters and, in fact, two of everything where one would serve the same purpose. The demand for power remains the same, yet about 85 per cent. of the cost of power goes in fixed charges to pay for the original capital investment in plant and in lines, and distribution of one sort or another.

Perhaps some investors rather stumble when reading reports of power companies they come across such terms as kilowatts, kilowatt hours, K.V.A.'s horsepower and so on. One watt is a measurement of electric power and is the product of multiplying the voltage by the amperage. Voltage is the pressure at which the power travels on the lines and the ampere is the unit of volume measurement. Thus, a line carrying one ampere at one volt is supplying one watt of electric power. A kilowatt is simply 1,000 watts.

And Then Horsepower

Now, horsepower. Power sold in small lots is usually charged for in kilowatt hours, that is, the number of hours for which one kilowatt is used. When it is sold in larger quantities it is sometimes sold in horsepower years, only the word years is usually omitted, for when a manufacturer buys a large block of power, the amount supplied is usually constant, week in and week out, whether it is used or not. In this way a cheaper rate is obtainable. One horsepower is the equivalent of 746 watts, or putting it the other way about, one kilowatt is approximately equal to one and a third horsepower. K.w.h. is simply the short form of writing kilowatt hours.

There is another stumbling block and that is k.v.a. This is kilovolt (amperes), and amounts, to all intents and purposes, to kilowatts. The only difference is that a kilowatt represents the actual power, whereas the kilovolt ampere is the measurement of the amount of electricity put on the lines. At time, due to a technicality known as the power factor, the kilovolt amperes sometimes exceed the actual power obtained from the lines.

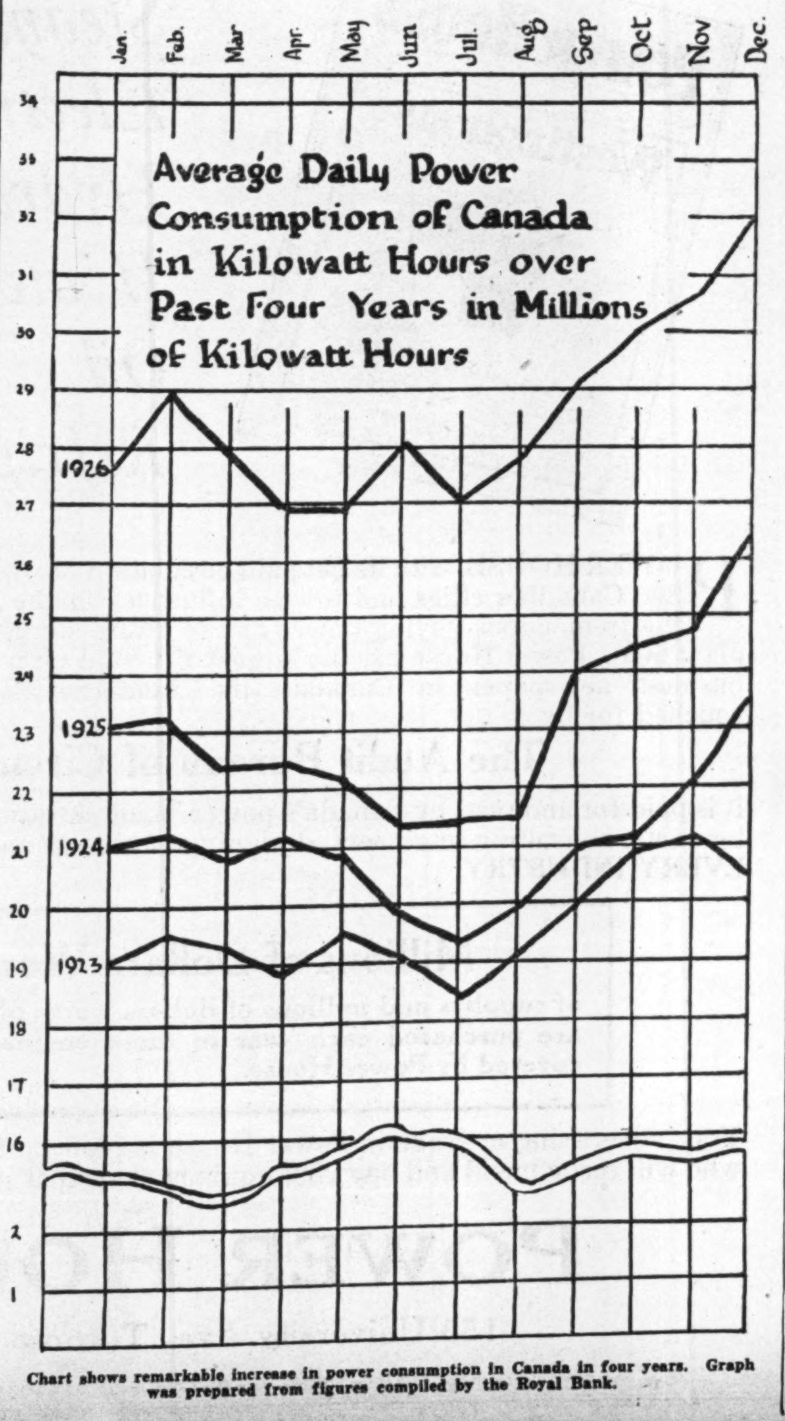


Chart shows remarkable increase in power consumption in Canada in four years. Graph was prepared from figures compiled by the Royal Bank.

Service That is Building a District

Fort William occupies a key position at the Canadian head of the Great Lakes, where rail and water meet, and where bulk breaking between east and west takes place. Fort William and Port Arthur combined have a grain elevator storage capacity of some 66,000,000 bushels—considerably greater than that of any other port in the world.

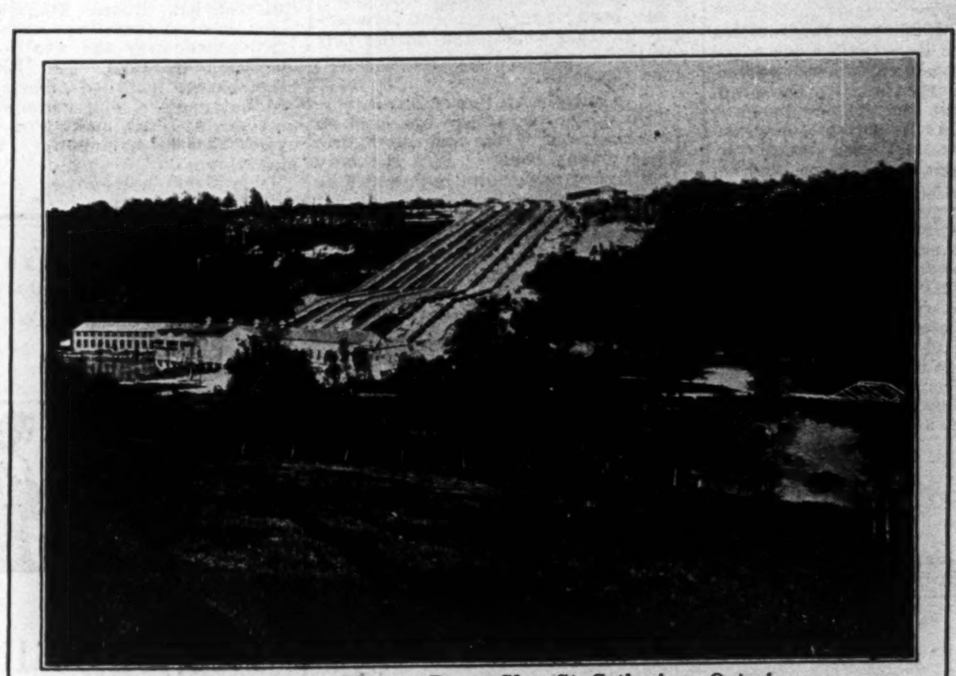
It is here that the initial installations of the Kaministiquia Power Company were made in 1906, installations which have grown until now there is developed 35,000 h.p. at Kakabeka Falls.

The company's unexcelled service and reasonable rates—which compare most favorably with those of other industrial centres—have made Fort William attractive to industry so that now there are located here five independent pulp and paper concerns, flour mills, iron and steel, car and shipbuilding plants.

The district has great possibilities from an industrial, mining, agricultural, lumbering, fishing and tourist standpoint. Fortunately Port Arthur and Fort William have not only large developed but large undeveloped power resources—awaiting only capital and labor to bring to fruition. In this future development, as in that of the past, the Kaministiquia Power Company will have its part.

The Kaministiquia Power Company Limited
Fort William, Ontario

THE SIGN DOMINION POWER OF SERVICE



Hydraulic Power Plant at Power Glen, St. Catharines, Ontario.

Dominion Power and Transmission Company Limited

Head Office: Terminal Building, Hamilton, Canada.
CONTROLS AND OPERATES

The Hamilton Cataract Power, Light and Traction Company, Limited.
The Hamilton Electric Light and Power Company, Limited.
Hamilton Street Railway Company.
Hamilton Terminal Company, Limited.
The Lincoln Electric Light & Power Co., St. Catharines.
The Hamilton Radial Electric Railway Company.
The Hamilton, Grimsby & Beamsville Electric Railway Company.
The Brantford & Hamilton Electric Railway Company.
The Dundas Electric Co., Limited, Dundas.
The Western Counties Electric Company, Brantford.

This Company furnishes power and lighting service to the Cities of Hamilton, Brantford and St. Catharines, and the Towns and Villages of Burlington, Oakville, Dundas, Grimsby, Beamsville, Stoney Creek, Smithville and Bronte.

"DOMINION POWER SERVICE" was the principal factor in the industrial development of the Towns and Cities in this district.

Laurentide Power

Earnings Make Steady Advance — Satisfactory Contracts Ensure Future of Property — Shares Are in Investment Class

The Laurentide Power Co. goes steadily on its way, satisfactorily earning its bond interest and dividend requirements. The company's growth since its inception has been slow, but it has been steady.

Laurentide Power is the outgrowth of a power development built by the Laurentide Company to supply power for its paper mill at Grand'mere, P.Q. It was first formed in 1915 and the parent company retained a substantial interest in the property. The large excess of power not required by the Laurentide Company is sold by the power subsidiary to the Shawinigan Water and Power Co.

Laurentide Power has but two customers, the parent company and the Shawinigan. It owns no transmitting or distributing lines and power is sold to these two customers right at its plant.

Space is provided in the company's plant for the installation of a 24,000 horsepower unit, which, when installed, will serve to increase its earning power as soon as sufficient water is available in the St. Maurice river with which to operate the additional generator.

The Laurentide owns $7,200,000 of the stock of the power company, leaving only $3,300,000 in the hands of the public. The securities sell at a high price. This is due to efficient management and the satisfactory contracts with the parent organization and Shawinigan, which also keep operating costs at a low figure.

If the property should ever change hands, there is little doubt that the present shareholders also would receive more than the market valuation of the shares for their holdings.

Eight electrical units of 20,000 horsepower are installed at present. The addition of the ninth unit can be made at a very low cost; the present bonded debt per horsepower is only $53 and when the further generating unit is installed it will be reduced to only $49. All power is sold under long term contracts—that these contracts have been operating to the advantage of the company is indicated in the steady successive increases in earnings and the fact that the dividend rate was raised to 5 per cent. two years ago. The company owns its power site outright and during the past year operating expenses amounted to about 10 per cent. of the total gross earnings for the year.

Capitalization—

	Authorized	Outstanding
	$10,500,000	$10,500,000

Funded Debt—

First 30-yr. sinking fund, gold 5%, due 1946	7,500,000	7,500,000
General mortgage 5½%, due 1946	2,000,000	1,525,000

Dividend Record—

Year		Year	
1919	3%	1923	5%
1920	4	1924	5
1921	4	1925	5
1922	4¾	1926	5

Officers and Directors—

F. A. Sabbaton, pres.; Julian Smith, vice-pres.; Edwin Hanson, George Chahoon, Jr., J. E. Aldred, Howard Murray, B.E.E., C. R. Hosmer, A. A. Tilney, Capt. J. H. A. Acer, L. Armstrong, treas.; W. F. Robinson, sec.; F. E. McNally, asst.-sec.

Year	High	Low
1920	75	51
1921	76	53
1922	99	70
1923	101	93¾
1924	97½	85¾
1925	108	93
1926	130	100

Bonds—

	1925 High	1925 Low	1926 High	1926 Low
5%	100⅞	99	101½	99⅞
5½%	101¾	100	103⅛	102½

Profit and Loss—

	1921 $	1922 $	1923 $	1924 $	1925 $	1926 $
Revenue	1,228,186	1,333,643	1,411,180	1,478,087	1,496,521	1,476,766
Other revenue	9,375	15,387	6,643	2,775	3,890	6,981
	1,237,561	1,349,030	1,417,823	1,480,862	1,500,411	1,483,747
Expenses	200,541	199,367	247,538	242,585	248,249	262,835
Net earnings	1,037,020	1,149,663	1,170,285	1,238,277	1,252,162	1,220,912
Interest	425,735	474,400	474,857	475,380	467,854	458,875
Ex. on bond int.	40,544	4,457	3,394	3,994	68	......
Bond expense	.....	.....	.....	.....	7,860	7,860
Depreciation	.....	.....	.....	.....	100,000	100,000
Income tax	27,555	.....	64,000	65,000	65,000	50,000
Tax adjust.	.....	.....	127,458	.....	.....	.....
	493,834	478,857	674,709	544,374	640,782	616,735
Balance	543,186	670,806	495,576	693,903	611,380	604,177
Trans. from contingent	....	.....	60,000	.....	.....	.....
	543,186	670,806	555,576	693,903	611,380	604,177
Appropriation—						
Sinking fund	85,000	89,200	89,340	89,340	90,250	90,250
Dividends	420,000	525,000	525,000	525,000	525,000	525,000
Insur. reserve	20,000	.....	.....	.....	.....	.....
Contingent	.....	.....	.....	60,000	.....	.....
	525,000	614,200	614,340	674,340	615,250	615,250
Surplus	18,186	56,606	* 58,764	19,563	* 3,870	* 11,073
Prev. surplus	3,343	12,632	69,238	10,474	30,037	26,167
	21,529	69,238	10,474	30,037	26,167	15,094
Loss on bonds	4,869	.....	.....	.....	.....	.....
Profit and loss surplus	16,660	69,238	10,474	30,037	26,167	15,094

*Debit.

Jamaica Public Service

Company Steadily Expanding Both Its Property and Earning Power

During the 1926 year, the Jamaica Public Service Co. steadily increased the number of customers served. Many minor extensions to the property were made and the new business thus obtained is satisfactorily reflected in the continued month by month increases both in gross and net earnings.

During the year also, the company increased the interest of the customers in the property by increasing the number of preference "B" shares issued from $79,000 to some $125,000. These shares rank after the 7 per cent. preference shares and have a par value of £1 each. The policy of selling stock to its customers has been found an effective means of building up public goodwill and increasing the company's harmonious relations with the public.

The Jamaica Public Service Co. operates 26 miles of tramways in and about the city of Kingston, Jamaica, and also the entire power and light systems on the island. The present owners operate the company through experienced public utility operators; it has been under its present ownership for four years, and during this period the earnings have shown handsome increases.

Controls All Power Sites

Two power plants are operated on the island; one steam and one hydro. The company controls also the only other hydro power site in Jamaica so that there seems little possibility of competition in the future.

Ever since its inception, the earnings from the property have shown a satisfactory growth, and while the predecessor company did well, the earnings since the company came under new ownership some four years ago, have shown even better increases.

Investment interest in the Jamaica Public Service Co. is centred on its issue of first preferred shares which, with their excellent yield at present market prices, makes them an attractive investment.

The gross and net earnings of the company and its predecessor over the past sixteen years follow:

	Gross Earnings	Net Earnings
1908	$217,410	$118,326
1909	236,065	113,885
1910	240,066	122,637
1911	263,108	122,014
1912	261,080	116,956
1913	284,841	128,584
1914	288,924	125,369
1915	274,317	123,540
1916	286,321	134,370
1917	287,210	120,112
1918	294,724	131,603
1919	383,664	154,767
1920	490,180	151,288
1921	536,866	185,376
1922	541,032	181,431
1923	not complete year	
1924	579,056	186,651
1925	625,275	236,114
1926†	660,000	260,000

†Estimated.

Capitalization—

	Authorized	Outstanding
7% cum. pref.	$ 750,000	$750,000
7% pref. "B"	......	124,893
Common stock	1,000,000	750,000

Bonded Indebtedness—

Jamaica Public Service 1st 6½%, due 1943	$1,000,000	$986,000
Jamaica Light & Power 1st 5%, due 1928	200,000	200,000

Dividend Record—

Preferred 7 per cent. per annum, paid quarterly Jan., Apr., July and Oct. 1. Paid since Oct. 1, 1923. Dividends on West India Electric Co. capital stock were paid at annual rate of 5 per cent. quarterly from Jan., 1912, to Jan., 1923. Preferred "B" paid 1¾ per cent. July 1, 1925, and quarterly since. No dividends have been paid on common.

Officers and Directors—

Russell D. Bell, president; M. L. Sperry, vice-pres.; Abner Kingman, jr., vice-pres.; Daniel J. O'Donahoe; H. B. Sawyer, treas.; W. T. Crawford, sec.; A. S. Nicholls, mgr.

Profit and Loss—

Gross Earnings—	1925	1924
Tramway dept	$387,763	$368,145
Lt. & Pr. dept.	235,618	207,950
Non-operating	1,894	2,959
Total	625,275	579,055
Operating expenses and taxes—		
Operation	283,432	302,446
Maintenance	80,188	66,093
Taxes	25,541	23,865
Total op. exp. & tax	389,161	392,404
Net earnings	236,114	186,651
Interest charges	79,179	76,997
	156,935	109,653
Div. on pref. shs.	45,500	38,500
Div. on pref. "B" shs.	3,761	......
	107,674	71,153
Net direct debits to profit and loss	50,340	11,760
Appr. for ret. res.	35,000	25,000
Balance	22,334	34,393
Prior surplus	61,423	27,030
Surp. at end of year	83,757	61,423
Ratio of oper. exp. to gross earnings	58.1%	64.0%

East Kootenay

Earnings for Current Fiscal Year Should Show an Increase

The East Kootenay Power Co. is erecting a 6,500 horsepower steam plant, which will be used to supplement its supply of power during low water periods. The plant will be completed about August next.

The current fiscal year concludes on March 31 next, when earnings should be somewhat better than for the last fiscal year. For, whilst earnings remained fairly stationary during the first part of the year, a considerable improvement took place during the last six months.

The East Kootenay owns two powers in British Columbia on the Bull and Elk Rivers. The Bull River plant has an installed capacity of 7,200 horsepower and was put into operation in 1923. The Elk River plant has an installed capacity of 15,000 horsepower, and commenced operation in 1924, making a total of over 22,000 horsepower in both plants.

Over 5,000 horsepower is supplied to the Consolidated Mining & Smelting Company's concentrator at Kimberley, and to the Sullivan Mine. In addition, power is supplied to towns such as Fernie and Cranbrook, and to various coal mines adjacent to the plant.

Some time ago the Power Corporation of Canada acquired a controlling interest in the property. Because of the parent company's wide interest in power developments and because of the increasing interest which the parent organization is taking in its subsidiaries, this connection should prove of value.

Capitalization—

	Authorized	Outstanding
Common (No par value).	50,000 shs.	30,000 shs.
Pref. 7%	$5,000,000	$ 750,000

Funded Debt—

First gold 7%, due 1942	$1,981,000
7% bonds, Series "B" due 1942	300,000

Dividend Record—

Preferred 7% payable quarterly, Mar., June, Sept. and Dec. Paid regularly since Sept., 1924.

None paid on common.

Officers and Directors—

A. J. Nesbitt, pres.; K. S. Barnes, vice-pres. and sec.-treas., E. R. Parkins, J. B. Woodyatt, G. W. Scott, A. B. Sanborn, gen. mgr., A. R. Henry, P. A. Thomson.

Profit and Loss—

	xDec. 31 1923	Mar. 31 1925	Mar. 31 1926
Revenue	$182,137	$322,422	$377,236
Misc. rev.	......	......	572
	182,137	322,422	377,808
Less oper. exp.	30,505	45,762	82,969
Taxes	....	13,905	17,042
Written off	....	2,900	5,400
Depreciation	....	66,000	45,000
Int. charges	140,000	153,240	174,119
	170,505	281,807	324,530
Net profits	11,632	40,615	53,278
Pref. dividends	....	34,625	52,500
Balance	11,632	5,990	778
Prev. bal.	....	1,621	7,611
P. & L. bal.	11,632	7,611	8,389
Rate of earn. on pref.	....	5.41	7.10

x Earnings from the operation of 7,200 h.p. plant only.

Amos Water & Power

During the past year the Amos Water & Power Company has been acquired by the Municipal Service Corp., which owns all the common stock of this subsidiary. Prior to the present year, the company owned and operated only the water system of the town of Amos, P. Q., the most important town in the Abitibi district of northern Quebec. At the close of 1926 the company put in operation a new electric plant, and now, in addition to its water services, supplies power to this community. The company's exclusive water franchise expires in 1943. It owns also a water power site on the Harricana River at Amos.

The investment interest in the property centres on an issue of bonds on which, it is said, the earnings of the property are well in excess of the bond interest requirements.

Capitalization—

	Authorized	Outstanding
Stock (Par value $100).	$90,000	$50,000

Funded Debt—

7 per cent. first mtge. gold bonds, due 1930	$75,000	$75,000

DOMINION BRIDGE CO.
LIMITED
Montreal, P. Q.
ENGINEERS, MANUFACTURERS *and* ERECTORS *of* STEEL STRUCTURES

HEAD OFFICE AND WORKS: Lachine Locks, P.Q.
P.O. Address, Montreal, P.Q.
BRANCH OFFICE AND WORKS: Toronto, Ottawa and Winnipeg.

Sales Offices: Montreal, Ottawa, Toronto, Winnipeg, Regina, Edmonton, Vancouver.

THE STANDARD TRUSTS COMPANY
OF WINNIPEG, MANITOBA

INVITES the patronage of Western people as well as that of Eastern people having interests in the West requiring attention.

Nearly a quarter of a century in business, it was the first Trust Company to operate west of the Great Lakes, having its head offices there, and, with a Directorate of leading business men, well versed in Western affairs, it is capable of giving unquestionably good advice to all clients and patrons on matters fiduciary.

It is especially equipped to handle executorships, administrations, and trusts of all kinds, investments, rentals and other collections.

BRANCHES; SASKATOON, EDMONTON, LETHBRIDGE, VANCOUVER

Annual Report of

The Southern Loan & Savings Company

ST. THOMAS, ONTARIO

BALANCE SHEET, 31st December, 1926

ASSETS	
Office Premises	$ 23,000.00
Mortgages—	
Principal	2,568,217.73
Interest due and accrued	83,993.01
Real Estate held for sale	21,967.94
Loans on Government Bonds and Company's Debentures	8,229.85
Bonds and Debentures Owned—	
Imperial War Loan	1,000.00
Dominion of Canada	253,845.87
Province of Ontario	12,210.70
City of Galt	10,137.18
Cash at Bankers	13,192.12
Cash on hand	10,078.62
	$3,005,872.97

LIABILITIES		
To the Public:		
Deposits and Accrued Interest	$ 544,507.79	
Debentures and Accrued Interest	1,112,809.85	
Reserved to pay Prior Mortgages	1,275.79	
		$1,658,593.44
To the Shareholders:		
Capital	900,000.00	
Reserve	400,000.00	
Dividend No. 47	31,500.00	
Balance forward	15,779.53	
		$1,347,279.53
		$3,005,872.97

PROFIT AND LOSS FOR 1926

BY	
Balance forward	$ 23,807.12
Int., Rental of Comp'ny's Bldg., etc.	195,830.30
	$219,637.42

TO		
Int. on Deposits and Debs.		$ 75,248.10
Exp. (including Salaries, Directors' and Auditors' Fees, Land Insp. and Office Maintenance		16,094.37
Commission on Loans		2,852.33
Taxes—		
City of St. Thomas, Business Tax	$ 300.90	
Province of Ontario, License and Tax	1,797.83	
Dom. of Canada, Inc. Tax	7,334.56	
City of St. Thomas on Building	1,229.80	
		10,663.09
Written off Company's Bldg.		1,000.00
Dividends		63,000.00
Transferred to Reserve		35,000.00
Bal. Carried Forward		15,779.53
		$219,637.42

J. W. STEWART, Manager. JAMES A. BELL, President.

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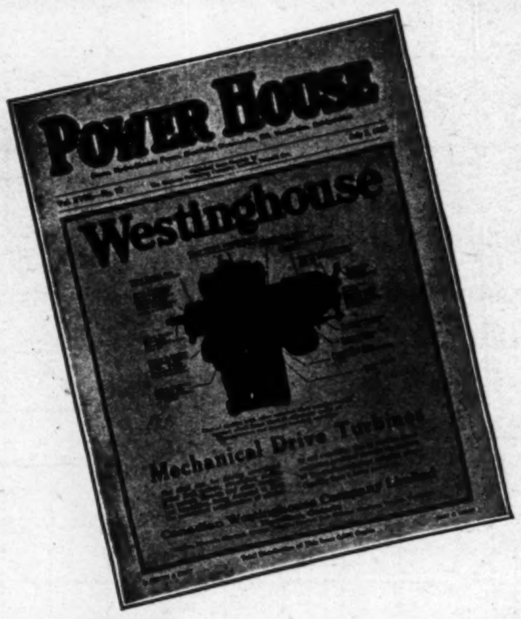

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Canadian Mining News

THE FINANCIAL POST

Vol. XXI. 10c. a Copy; $5.00 a Year PUBLICATION OFFICE: TORONTO, MARCH 4, 1927 Member of Audit Bureau of Circulations No. 9

Hollinger Mine Development Being Pushed on Deep Levels

Work Has Been Carried to 3,200-ft., New Report Shows

DECLINE IN EARNINGS

Production, Millheads and Better Grade Reserves Are Lower, But Outlook Excellent

Hollinger's annual report reveals the big mine still perched on the springboard ready to jump off to a world's record of gold production. The present year may see the jump taken by a steady increase in the tonnage, especially during the latter part of the year, to 8,000 tons daily. The past year from a production standpoint was one of marking time. The fact that the income from bullion produced was $1,000,000 lower than the year previous does not mean much. Had the management been concerned with this, it could very easily have remedied it by adding a few tons of higher grade ore daily.

Instead Hollinger management has been driving ahead on mill enlargement and opening up the mine at deeper levels, and putting it in shape to be able to maintain the higher tonnage, once the move is launched.

The whole report indicates this fact. For instance, Mgr. A. F. Brigham reports that underground development for the year totalled 83,326 ft. as compared with 68,926 ft. in 1925 and 46,315 ft. in 1924. Another interesting fact is that this increased effort was accomplished with 240 less men than were employed in 1925 and 330 less than were on the payroll in 1924. This indicates a greater efficiency, and tells part of the story of the decrease in costs.

One can draw a great many facts from the report of work done during the year. Of the 13,803 ft. of stoping done, 4,408 ft. was done below the 1,400-ft. level, and as low down as the 2,150. This is the first stoping the mine has done below the 1,400-ft. level. However, the mine did not draw heavily on these deep stopes, as only 310,955 tons of the 1,930,158 tons treated came from below the 1,400-ft. level and, of course, much of this ore would come from development alone. The mine broke an additional 100,000 tons below 1,400 ft. which was not raised during the year.

Hollinger is making quite a set on diamond drilling exploration also. In 1924, 88,000 ft. of core was drawn from down to 1,550-ft. level, 1925, 103,890-ft. down to 2,000-ft. and 1926, 115,017-ft. down to 2,150-ft.

While nothing is said about it in the report, it is understood that Hollinger has some $3,000,000 or $4,000,000 work of dead work done on the deeper levels. This work has not been carried to the point where it has made ore, but it is work that must be done to reach the ore and once accomplished while charged up at once to operating costs, will, with very little additional expense, make ore very fast.

Some have been heard to express disappointment that the ore reserves show only about $1,000,000 increase over 1925. The increase came as a matter of fact. The management was not trying to make ore. Comparing the reserves as given in 1925 with those in the latest report, it will be seen that there was quite a decrease in reserves of veins over $10. On the other hand the tonnage of $8 to $10 ore jumped about an equal number of tons, but there was also a decline in

(Continued on page 48)

Hollinger Reserves $66,081,733 With per Ton Average of $8.49

	1926	1925	1924	1923	1922
Over $10	$23,235,824	$27,165,204	$21,600,147	$17,524,850	$17,320,114
Aver. per ton	13.16	13.46	13.13	13.62	13.10
$8 to $10	27,605,310	25,154,333	25,650,764	28,982,086	17,856,981
Average	9.08	8.83	9.03	9.05	8.96
$6 to $8	1,322,591	2,307,209	3,710,445	696,101	560,778
Average	7.11	7.62	7.55	6.89	7.32
Total proven	$52,163,745	$54,626,746	$50,961,356	$47,203,037	$35,737,873
Average	10.45	10.57	10.24	10.28	10.54
Under $6	$13,316,258	$ 9,778,710	$ 7,564,726	$ 8,244,136	$ 5,348,594
Average	4.92	5.07	5.27	...	...
Surface outcrop	601,730	663,343	778,803	1,414,763	2,183,360
Average..	7.50	7.03	7.31	...	...
Total	$66,081,733	$65,068,799	$59,304,885	$58,861,036	$42,269,827
Average	8.49	9.05	9.10	...	...

TEN YEARS' RECORD OF HOLLINGER

Year	Earnings	Dividend	Surplus
1917	$4,271,260	$ 738,000	$ 982,315
1918	5,908,328	1,230,000	1,358,563
1919	7,063,099	1,722,000	599,290
1920	7,162,611	2,214,000	461,275
1921	10,314,515	3,198,000	828,927
1922	12,824,608	3,198,000	1,948,690
1923	11,014,203	3,198,000	*245,964
1924	13,991,114	3,198,000	1,907,037
1925	16,129,255	4,378,800	2,159,910
1926	15,656,801	5,805,600	2,220,321

*Deficit.

HOLLINGER PRODUCTION AND DIVIDEND RECORD

Year	Tons ore Milled	Values recovered	Dividends paid
1911	1,000	46,082.52	....
1912	45,195	933,682.00	270,000
1913	140,131	2,488,022.58	1,170,000
1914	211,846	2,719,354.47	1,170,000
1915	441,236	4,205,901.69	1,720,000
1916	601,854	5,073,401.05	3,126,000
1917	508,139	4,261,938.72	730,000
1918	578,755	5,752,370.87	1,230,000
1919	711,822	6,722,266.81	1,722,000
1920	650,205	6,219,664.80	2,214,000
1921	1,072,493	10,031,050.57	3,198,000
1922	1,491,381	12,274,114.77	3,198,000
1923	1,366,352	10,446,412.20	3,198,000
1924	1,659,475	13,429,226.87	3,198,000
1925	1,929,988	15,786,405.00	4,378,800
1926	1,932,559	14,780,636.60	5,805,600
	13,342,491	$115,170,531.52	$36,336,400

Financial Statement of the Hollinger Gold Mines

Profit and Loss	1926	1925	1924	1923	1922	1921
Gold and Silver Produced	$14,780,637	$15,786,405	$13,429,277	$10,446,412	$12,274,115	$10,030,050
Add: Int. on Inv. & other Int.	876,164	342,851	561,886	567,790	550,493	283,465
	15,656,801	16,129,256	13,991,113	11,014,202	12,824,608	10,314,515
Less: General charges	954,519	791,616	705,844	577,521	522,136	459,828
Mining Charges	5,076,506	5,292,153	5,133,252	4,499,566	4,071,584	3,194,844
Milling charges	1,599,854	1,745,260	1,565,802	1,562,629	1,752,284	1,568,183
	7,630,879	7,829,029	7,404,898	6,639,716	6,346,004	5,222,855
Operating Profit	8,025,921	8,300,227	6,586,215	4,374,486	6,478,604	5,091,660
Less: Taxes	633,706	693,246	318,377	451,622	465,264	330,145
Net Profit for year	7,392,215	7,606,981	6,267,838	3,922,864	6,013,340	4,761,515
Add: Surp. from prev. yr.	9,776,762	7,616,851	5,663,505	5,909,470	3,960,779	3,131,852
Avail. for Div.	17,168,977	15,223,832	11,931,343	9,832,334	9,974,119	7,895,367
Add: Adjust. of Depr'n.	....	....	46,309	....	....	....
		15,223,832	11,977,652	9,832,334	9,974,111	7,893,367
Appropriated as follows:						
Dividends	5,805,600	4,378,800	3,198,000	3,198,000	3,198,000	3,198,000
Plant Deprec'n.	1,174,171	1,051,136	1,147,928	907,040	788,000	627,489
Tailings Disposal, Site Depr'n.	12,625	12,625	12,625	12,625	....	....
Investments in other Companies and properties written down	5,739	4,509	2,248	3,570	18,115	3,552
Donations	....	....	....	1,285	7,575	3,802
Abitibi Power Develop..	....	....	....	46,309	......	......
Balance of Taxes paid..	....	....	....	....	52,959	99,745
	6,998,135	5,447,070	4,360,801	4,168,829	4,064,649	3,932,588
Leav. to be carried fwd.	10,170,842	9,776,762	7,616,851	5,663,505	5,909,470	3,960,779
Assets						
Fixed Assets:						
Mining Properties	$22,493,785	$22,493,785	$22,493,785	$22,493,785	$22,493,785	$21,150,244
Plant	283,604	622,567	1,043,427	1,523,939	1,637,379	1,355,302
Invest. in other Companies and Properties	62,999	60,539	49,968	43,564	47,085	44,922
Tailings Disposal Site	33,667	46,292	58,918	71,543	....	....
Hollinger Power Dev...	....	5,907,692	5,120,397	....	....	....
Abitibi Power Dev......	....	....	....	262,418	....	....
	22,874,055	29,130,875	28,766,495	24,395,249	24,178,249	22,550,468
Current Assets:						
Cash on hand and in bank	1,190,246	410,459	90,490	353,173	929,757	285,973
Bullion in transit	386,699	537,969	791,395	716,363	455,053	454,225
Accounts Receivable	97,128	94,239	74,799	67,541	31,819	45,744
Government Bonds	10,312,386	4,465,878	4,572,644	4,533,409	5,021,483	4,441,338
Acc'd. Int. on Investments	....	55,948	57,493	37,627	46,356	42,262
Materials & Supp. on hand	809,064	606,345	681,405	759,852	636,888	530,089
Solutions on hand	107,865	156,578	120,209	103,399	102,514	95,295
Litharge, Slag, etc., on hand	1,943	2,375	2,050	4,700	2,150	3,745
Guarantee Deposits	....	....	....	300	300	300
Call Loans	....	....	....	....	....	693,900
	12,905,332	6,329,800	6,390,485	6,576,364	7,920,800	6,592,871
Deferred Assets:						
Fire Insur. paid in adv.	1,477	3,885	4,277	12,878	6,180	3,190
Total Assets	35,780,864	35,464,560	35,161,257	30,984,491	32,114,292	29,146,529
Liabilities	1926	1925	1924	1923	1922	1921
Capital Stock	24,600,000	24,600,000	24,600,000	24,600,000	24,600,000	24,600,000
Wages unpaid	171,164	175,849	181,526	164,595	137,126	135,576
Accounts payable	399,640	523,949	212,477	326,391	278,883	245,174
Acc'd Int. on Bank Loan	....	....	2,300,000	....	....	....
Bank Loan	....	....	....	....	....	....
	570,804	699,789	2,694,003	490,986	416,009	380,750
Schumacher Gold Mines, Ltd.	......	....	....	....	888,750	....
Reserve for Taxes	493,217	288,000	250,403	230,000	300,000	205,000
Surplus	10,170,842	9,776,762	7,616,851	5,663,505	5,909,470	3,960,779
Total Liabilities	35,780,864	35,464,560	35,161,257	30,984,491	32,114,229	29,146,529
Working Capital						
Current Assets	11,986,459	6,329,800	6,390,485	6,576,364	7,929,080	6,592,871
Current Liabilities	570,804	699,798	2,694,003	490,986	416,009	380,750
Working Capital	11,415,655	5,630,002	3,696,482	6,085,378	7,513,791	6,212,121

HOLLINGER MILLING RESULTS

	1926	1925	1924	1923
Tons ore milled	1,932,559	1,929,988	1,659,475	1,366,352
Average value of ton	$ 7.99	$ 8.51	$ 8.39	$ 7.64
Gross value	$15,449,438	$16,422,507	$13,925,812	$ ....
Loss in tailings	668,801	636,102	496,586	....
Net value recovered	$14,780,637	$15,786,405	$13,429,226	$14,446,412
Average tons per day	5,295	5,317	4,559	3,764

COST PER TON

	1926	1925	1924	1923
Mining	$ 2.6268	$ 2.742	$ 3.093	$ 3.2931
Milling	.8278	.904	.943	1.1436
General	.4940	.399	.425	.4227
Total	$ 3.9486	$ .405	$ 4.461	$ 4.8594

BIG OPERATORS OF PORTLAND CANAL AT LOGGER-HEADS

London Interests and the Premier Cannot See Eye to Eye

There has been some confusion concerning the complex relationship existing between Sebakwe, Selukwe, National Silver, B.C. Silver, Bush Mines and the Premier organizations, Portland Canal area, British Columbia. The facts about each as set out by Miller, Court & Co., Vancouver, are:

Selukwe Mining and Finance Company of London, England, hold the majority control of B.C. Silver, or 57 per cent. The Premier Gold Mining Company owns 38 per cent. of B. C. Silver, with about 5 per cent. of the outstanding stock in the hands of the public.

The Sebakwe and District Mines, Ltd., capitalized for £200,000, divided into 1,600,000 shares of 2s. 6d. each, is an affiliated company of Selukwe, with the same board of directors.

The Bush Mines, Ltd., with an outstanding share balance of 2,075,000 shares, owned 24 mineral claims adjacent to the B.C. Silver property.

In 1925 the Sebakwe and District Mines, Ltd., purchased these 24 claims, giving 600,000 shares of Sebakwe and agreeing to provide development funds as required by disposing of 400,000 treasury shares for $120,000 and optioning an additional 200,000 shares at par, 2s. 6d., for one year, and a further 200,000 shares at 5s. for two years.

Bush Mines, Ltd., have allotted to shareholders all but 110,000 shares of the Sebakwe stock received as a consideration for the transfer of the 24 claims, and have optioned and purchased additional mineral claims in the Salmon River Valley close to the Sebakwe property.

Present Situation

The present situation briefly is that Selukwe controls the B.C. Silver and Sebakwe companies. National Silver owns three-quarter interest in Bush Mines, Ltd., which in turn has as its assets 15 mineral claims in the Salmon River Valley and 110,000 shares of Sebakwe stock. The balance of the original 600,000 Sebakwe has been allotted to National Silver shareholders on a basis that gives each holder of 1,000 shares of National Silver 147 shares of Sebakwe.

National Silver stock carries ownership privileges in Sebakwe. Certificates say on the face: "In addition to its face value, this certificate represents............shares in the capital of Sebakwe and District Mines, Limited." If the certificate is for 1,000 shares of National Silver, the amount 147 is filled in the space left vacant.

This certificate is called, "National Silver, Green Stamped," or as it is quoted on the Vancouver Stock Exchange board, National Silver, G.S."

In addition to National Silver G. S. there is National Silver without the green stamp, which gives the stockholders an interest in the National Silver company, but carries no Sebakwe rights.

London Impatient

As is pretty generally known, there is some impatience being shown by the Selukwe shareholders at the delay in the development of their property—B.C. Silver. There has been a certain amount of criticism of the development methods which led to an open rupture between C. A. Banks, engineer appointed by Selukwe at the B. C. Silver property, and O. B. Bush, former owner of National Silver. The spark that set off the fireworks was a circular issued by the latter to all National Silver shareholders protesting against the dismissal of George R. Bancroft by the Selukwe interests. Mr. Bancroft was resident engineer at the National Silver mines, where he conducted development in a very efficient and businesslike way. As he was not a registered professional engineer, he was recalled and Mr. Banks, resident engineer at the B. C. Silver property, was given charge of both properties.

In his circular of protest Mr. Bush rather strongly condemned what he termed was the extravagant development undertaken by Mr. Banks, but on being threatened with suit for libel the charges were withdrawn.

There is also a feeling among the B. C. Silver shareholders that the Premier interests are purposely holding aloof from participating in the cost of development of the property, although they own 38 per cent. of the stock. The Premier people apparently do not see eye to eye with the former's policy, and as they have

(Continued on page 48)

Should be Sent to Every Mining Investor

"Just a line to congratulate you on the centre article on your front page of your issue of to-day.

"The second paragraph should be printed in big letters and sent to every mining investor in the country."

The above letter, received from Draper Dobie of Draper-Dobie Co., brokers, Toronto, refers to the following paragraph:

"The public has been educated, mostly by the brokers, to play the mine shares for quick profits. The fact that they hear leaders of the industry constantly talking about its hazards puts them in a fair state of mind to do the brokers' urging. Yet the big profits in Northern Ontario mines have come to those that bought shares in ventures prior to their reaching the producing stage and held on. Playing the market for quick turns, that is speculating, is the brokers' game and experience shows that the public has little chance to profit. Yet when a loss is sustained, the mining industry is blamed, though little of the funds they put up ever go into an actual mining effort. The big risk in mining is trying to play the market."

Argonaut Cuts $30,000 Body

Drill on 750-ft. Level Picks Up Eight-ft. Ore Shoot

Spectacular diamond drill results have been met with on Argonaut Consolidated Mines. J. A. Naud, managing director, states that he has word from the mine to the effect that the drill on the 750-ft. level cut an ore body 8-ft. wide which showed $32.80 for the first four feet and $28.10 for the second four, which is an excellent $30 average. While this may be an entirely new ore body, it is believed that it may prove to be the upward extension of one of the large new bodies found on the 875 and 1,000-ft. levels, either the 1,018 or 1,022. The find is 33 ft. from the shaft, so that it will not take long to reach it with lateral work. The sinking of the shaft to open up two more levels is proceeding and it should not be long before lateral work will be launched to cut the ore bodies on these levels.

MILL FOR CENTRAL MAN. DELIVERED

Freighting is Now Completed —Power Lines Being Rushed

Central Manitoba Mines has practically completed freighting in the equipment and supplies for the new mill and next summer's operations. This will end the company's worry about being caught in the midst of its work by the spring break-up. All the supplies have been taken in over the winter road by team. News from the property continues to be excellent. The shaft on the Tene 6 group, which is to the east of the main operation, has reached 250-ft. and lateral work on the vein has been launched on the 125 and 250-ft. levels.

The company is pushing ahead on the power line to the property and the necessary equipment is already on the ground.

Eldorado Mines, to the east of Central Manitoba, has ordered a new electrical plant and is erecting a power line from Central Manitoba to their property. By spring this will be the second operation in the camp.

WHO IS PROVIDING BULK OF MINING'S EXPLORING FUNDS?

Figures on Holdings on Big Operations Show Little Change

TOTALS BY COUNTRIES

For Years Figures of Operators Do Not Include Tremendous Total of New Issues

What percentage of Canadian Mining Securities is held in Great Britain?

This is a much debated and decidedly interesting question.

For some time it has been said that the total was somewhere between 2 and 4 per cent.

At a recent Empire Club luncheon Dr. J. Mackintosh Bell, M.E., managing director of Huronian Belt, gave the distribution of Canadian Mine Security holding as Canadian 54, U.S. 30, Great Britain 13, others 3.

On Nov. 23, 1923, the Financial Post published the following figures:

	1920	1921
Canada	51%	54%
United States	32	31
Great Britain	15	13
Other	2	2

These reveal a material change in a year, but in the last 5 years the change has not been so great, in fact almost neglible. The 1926 edition of The Financial Post Survey of Mines reprodured figures compiled by Dominion Bureau of Statistics on the various mine security holdings by countries. These figures for 1925 show little change over 1921, and from the data accompanying them it is evident that only advanced operations were considered.

Numerous New Companies

There have been a tremendous number of issues in the interval, the bulk of which have been taken up in Canada. Undoubtedly both the U.S. and British percentages are now much smaller, though in volume of dollars it is believed that the British figures would show a decided increase, much greater than that of United States.

U. S. was heavily interested in Cobalt, and has a substantial interest in four of Kirkland Lake's chief operations, controlling three, Teck Hughes and Wright-Hargreaves and Sylvanite. England has a big interest in two, Tough Oakes and Kirkland Lake gold. It sold its interest in the latter to Canadians—at a good profit—and it is suspected that at least a part of the London holding of T.O.B. has been sold back to Canadians—perhaps at a loss.

London has a good interest in Vipond and Ankerite, while U.S. has an interest in McIntyre, Paymaster, March Gold and Dome. Hollinger and Coniaurum are Canadian.

In the silvers, O'Brien, Castle and Capital are Canadian, Tonapah and Nipissing U.S., Keeley and Canadian Lorrain partly British, part Canadian; Mining Corp. is more Canadian than British. Pioneer is British.

Noranda is believed to be half Canadian and half U.S.; Waite, Amulet, Towagamac, Harvie, Laval and the bulk of the other small Quebec operations are Canadian. Central Manitoba is about one-third Canadian, one half British and the balance U.S.

Holdings on Coast

Consolidated Smelters in B.C. is Canadian, Britannia Copper is U.S., Premier about 50 per cent. Canadian and 50 per cent. U.S., B.C. Silver and National Silver are over 50 per cent. British. The balance of the B.C. issues are divided between U.S. and Canada on a 40-60 basis.

The figures:

Cap. Emp. in	Canada $	%	Gr. Brit. $	%	U.S. $	%	Others $	%	Total
Metallurgical	27,184,342	33	15,885,578	19	37,114,553	45	2,502,472	3	82,686,945
Metal mining	219,827,250	45	72,854,970	15	184,859,755	38	10,653,067	2	488,195,042
Non Metal Mining	131,753,875	62	23,248,769	11	47,555,958	23	7,808,068	4	211,109,670
Structural	65,877,195	87	5,065,034	7	4,096,940	5	405,400	4	75,444,569
1925 Totals	417,458,820	54	101,168,773	13	236,512,653	31	18,866,535	2	774,749,281
1921	415,445,196	54	101,066,013	13	233,379,473	31	18,622,366	2	769,254,108

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Hollinger's Growth at a Glance

	1926	1925	1924	1923	1922	1921	1920	1919
Recovery, per ton	7.99	8.18	8.09	7.93	8.53	9.67	9.93	9.37
All Costs, per ton	3.95	4.05	4.46	4.85	4.25	4.87	4.83	4.53
Tonnage	1,932,559	1,929,988	1,659,475	1,366,352	1,491,381	1,072,493	650,205	711,822
Production	14,780,637	15,768,405	13,429,226	10,446,412	12,274,114	10,031,050	6,939,628	6,722,266
Other Income	876,164	342,850	561,886	567,790	550,492	283,464	222,982	340,837
Total Costs	7,630,879	7,829,028	7,404,898	6,639,715	6,346,004	5,222,855	3,144,328	3,222,617
Operating Profit	8,025,921	8,300,227	6,586,215	4,374,486	6,478,604	5,091,659	4,018,282	3,840,482
Less Taxes	633,706	693,246	318,377	451,621	518,223	429,889	225,940	286,372
Capital Assets	22,874,055	29,130,874	28,766,494	24,395,248	24,178,249	22,550,468	22,690,246	23,419,702
Net Cash Assets	10,312,386	5,245,888	3,450,357	5,868,257	6,331,220	6,010,310	5,041,607	3,778,876
Plant Additions	835,207	630,276	667,415	793,600	1,070,076	482,790	131,359	338,162
Dividends Paid	5,805,600	4,378,810	3,198,000	3,198,000	3,198,000	3,198,000	2,214,000	1,722,000
Ore Reserves	66,081,733	65,068,799	59,304,885	58,861,936	42,716,027	41,719,670	39,928,430	37,816,000
Employes	2,428	2,668	2,758	2,428	2,183	1,582	1,025	1,207

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NICKEL EARNINGS $3 PER COMMON SHARE LAST YEAR

Pres. Stanley Hopeful in Regard Outlook Because of Increased Nickel Uses

International Nickel earned $3 per common share in 1926 and paid $2. Net profits were $5,556,267 after taking care of taxes, depreciation and preferred dividends. Earnings, 9 months 1925 were $4,237,000 or $2.29 per share. The 12 months prior to December 31, 1925, were exceeded by $28,783. Pres. Robert Stanley, in discussing the company's position, says:

"Sales of metallic nickel were less than during 1925, due principally to a falling off in exports to Europe. There was also a decline in domestic sales of nickel in the final quarter of 1926, compared with last quarter of 1925. This apparent loss of business was due to heavy purchases of nickel by consumers for stock in the fall of 1925, presumably anticipating price increase of January 1, 1926. Buying of this character was not in evidence in the fall of 1926, as there was no price advance or contract renewals for 1927 deliveries.

Scrapping of Armaments

"During recent years, particularly in 1926, large quantities of nickel-steel armor and deck plate scrap, resulting from the disarmament program, were consumed by alloy steel makers. Substitution of this scrap for metallic nickel made inroads into sales of nickel for alloy steel making. There is every evidence that the bulk of this domestic scrap has been used, and that normal consumption of metallic nicked by steel companies may be expected in the near future.

"Sales of mill products, both monel metal and rolled nickel, increased substantially in volume, and more than offset the loss of foreign and domestic nickel sales.

"Mining and smelting operations at Copper Cliff were continuous throughout the year. Bessemer matte was produced at lower cost than during any previous year.

Developing Frood

"Your management has been actively engaged in initial stages of development of Frood mine, where diamond drilling has developed further large reserves of high-grade ore. To complete this shaft, erect the permanent surface plant and develop the ore body sufficiently for mining operations, will require several years and involve a substantial capital expenditure. It is the intention to bring this mine into production during the ensuing five years. By following this policy the Creighton Mine ore reserves will be available for an increasing output of monel metal for many years and the Frood ore, which carries much higher precious metal values than Creighton ore, will be refined for nickel. With its present refining process your company will recover the platinum metals from the Frood ore and in consequence will derive additional profit from this operation.

"An electrolytic department at Port Colborne, projected in 1925, was completed and is now economically producing a large tonnage of high purity nickel. Changes in furnace and converter practice have enabled your operatives to further reduce costs. The refinery was run continuously throughout the year at a rate regulated to meet consumption and to avoid an undue accumulation of metal stocks.

Operating Costs Low

"Operations at the Huntington works were uninterrupted and due to increased production, as the result of greater volume of sales, operating costs were the lowest thus far shown at the company's rolling mill. Hot-mill facilities became inadequate and your management was authorized by the directors to double the capacity of this department and install additional cold rolling and polishing equipment for high finished sheets. Installation of this equipment will be completed and available for production in 1927.

"As a result of a demand for high finished cold rolled nickel and monel metal strip your management equipped a department during the past year to produce this form of material."

Regarding outlook, Mr. Stanley says: "Use of nickel for improving cast iron, is advancing satisfactorily and in time should provide an outlet for a large tonnage of metallic nickel. Nickel steel is finding a place in new industries, thus augmenting the consumption of nickel by alloy steel makers.

"Foreign sales, which constitute a substantial part of your company's business, fell off badly in 1926, but sales improved during the last quarter. Your management is now building up a foreign organization to develop the use of nickel in Continental Europe and in Great Britain. By an adaptation of methods now used successfully in America this new development effort should result in a gradual but substantial increase of foreign business.

Sales on Increase

"Sales of monel metal and rolled nickel produced at the Huntington Works continue to increase in volume and the diversity of uses to which these products are put tends to stabilize this position of your business. There is every reason to believe that sales of mill products will continue to grow as rolled nickel and monel metal become more widely known.

"Generally speaking, your company has no serious problems to face in the immediate future. Products are constantly improving in quality and operating costs are being satisfactorily lowered. Your management has every reason to believe that the company is still in a periad of constructive expansion, which should not be checked by anything less than acute and widespread business depression."

Mr. Stanley did not give any estimate of possible ore reserves of Frood Mine which are said to be exceedingly large, as indicated by diamond drilling.

Earnings for the year follow:

	Year ended Dec. 31,'26	9 mos. ended Dec. 31,'25
*Earnings	$8,195,141	$6,325,809
Other income	167,621	102,291
Gross income	$8,362,762	$6,428,100
Exp., fed. tax, etc.	1,171,479	1,122,566
Deprec., depl., etc.	1,635,016	1,068,134
Net profit	$5,556,267	$4,237,400
Preferred dividends	534,756	401,067
Common dividends	3,346,768	1,673,384
Surplus	$1,674,743	$2,162,949
P. & L. surplus	16,680,482	15,302,093

Balance sheet figures—

Assets	1926	1925
†Property	$53,424,608	$53,060,027
Investments	1,583,686	1,523,624
Inventories	9,701,477	8,386,181
Accounts and bills receivable	2,867,418	2,471,164
Interest receivable	54,246	77,356
Advances	129,757	150,957
Gov. securities	3,258,294	3,232,412
Loans	600,000	1,800,000
Cash	960,687	1,198,417
Total	$72,580,173	$71,900,138
Liabilities		
Preferred stock	$ 8,912,600	$ 8,912,600
‡Common stock	41,834,600	41,834,600
Purchase money notes	2,300,000	2,844,444
Accounts payable, etc.	1,185,702	1,137,869
Accrued tax	721,299	989,638
Preferred dividends payable	133,689	133,689
Unclaimed dividends	171	157
Insurance & contingent reserve	811,630	745,048
Surplus	16,680,482	15,302,093
Total	$72,580,173	$71,900,138

†After depreciation and depletion.
‡Par $25.

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Narrow Lake Shares Are Being Offered to Public

Ruggles and Ruse, Royal Bank Building, Toronto, are offering Narrow Lake Mining Co. treasury shares. Douglas Wright, formerly with Dome Mines, will be in charge of field work. Company owns two groups, adjacent to Bathurst, fifteen claims comprising 600 acres, and the second, eleven claims, 440 acres.

Mr. Wright reports that evidences that the geosyncline along which the Central Manitoba Gold and Red Lake gold area are situated, extends through the Narrow Lake Gold Area. Narrow Lake Mining Co.'s holdings, which were among the first staked, are in well schisted ground, with massive porphyry intrusions, which stretches for some three miles north of Narrow Lake. Mr. Wright says the favorable geological conditions warrant expenditure for development of the properties.

HILLCREST PROFITS LARGELY INCREASED

Net in 1926 at $107,694 as Compared With $61,106 in 1925

From Our Own Correspondent

MONTREAL.—The cessation of the labor troubles which characterized the 1924 and 1925 years resulted in a material improvement in the earnings of the Hillcrest Collieries for the 1926 fiscal year. Earnings were sufficient to meet all charges and dividend requirements and to leave a surplus of $19,692. In addition, the already strong working capital position of the company was bettered. The improvement is seen in the following comparison of figures over the past three years:

	1926	1925	1924
Net profits	$107,694	$ 61,106	$ 4,787
Misc. rev.	37,647	44,746	52,194
Total net	$145,341	$105,852	$ 56,991
Bond int.	16,250	16,250	16,250
Balance	$129,091	$ 89,602	$ 70,741
Pfd. divs.	49,399	49,399	49,399
Balance	$ 79,692	$ 40,203	x$ 8,658
Com. divs.	60,000	60,000	60,000
Balance	$ 19,692	x$ 19,797	x$ 68,658
Contingent	10,000	......	......
Surplus	$ 9,692	x$ 19,797	x$ 68,658
Prev. bal.	$ 95,735	$215,513	284,188
P. & L. Bal.	$205,427	$196,734	$215,530

xDeficit.

The Working Capital Position

	1926	1925	1924
Curr. assets	$660,523	$649,793	$677,758
Curr. liabs.	95,746	124,297	149,623
Work. cap.	$564,777	$535,496	$528,126

The changes in the balance sheet were generally of an unimportant nature, the only one of note being the elimination of the bank loan which stood at $38,738 last year. Cash account has increased from $156 to $10,301 and there is a satisfactory increase in the investment account.

The president, Sir Charles B. Gordon, in his remarks to shareholders, says in part:

"We are pleased to report that during the past year the harmony existing between our men and the officers of our company on the question of wages and working conditions has proved beneficial both to our workmen and the company.

"The demand for coal was not so great as we would wish, but the mine did not lose a day's operations during the year due to labor difficulties. We hope for a continuance of harmony with our employees, and believe the majority of our men realize that our interests and theirs are, for the most part, identical."

Yukon and B.C. Geology

The Summary Report of the Geological Survey of Canada for 1925, Part A, has just been published. It presents the results of field work carried on in the western Cordillera of Canada during the summer of 1925. It contains descriptions of the argentiferous lead deposits of Galena hill, Mayo district, Yukon, and of Atlin, British Columbia, of the gold placers and bed-rock geology of Dease Lake area, of the Hat Creek coal deposit and of the ore deposits of Slocan mining district. Surveys were made and reports presented on several areas lying at or in the vicinity of the eastern contact of the Coast Range batholith. These are the Tatla-Bella Coola, the Eutsuk Lake and the Zymoetx River Areas, Hudson Bay mountain, and the area between Telegraph Creek and Atlin. There is also a report on the geology of Purcell range west of Brisco. The reports contain descriptions of known mineral deposits and are accompanied by geological maps. Copies may be had on application to the Director, Geological Survey, Ottawa, or 510 Winch Building, Vancouver.

Increase Columbus Capital

It is proposed to increase the capital of Columbus Kirkland from 2,500,000 to 5,000,000, $1 shares.

Eplett-Metcalfe
A Prospect of Exceptional Merit

J. W. Morrison, M. E., in his report, made at purchaser's request, says in part:

VEINS AND MINERALIZED SECTIONS:

"There are at least five zones where the mineralization is strong and which offer possibilities of ore bodies. They are all associated with the mineralized rhyolite, near diabase contacts, though in all cases this is not evident on account of the overburden. In order of merit, as they now appear, I will describe them.

"No. 1 is on the contact, or partially included in a diabase dike. It outcrops on the surface for a distance of 40 feet, has a width of from 2 to 6 feet, and in sections on the surface it is made up of massive pyrrhotite with disseminated chalcopyrite and pyrite around it. The bottom of a test pit 10 feet deep shows heavy chalcopyrite and pyrrhotite in the bottom. A 5-foot section of this gave values in excess of $19.00 in gold, silver and copper.

"A 3-foot section taken from a small pit farther east gave values of about $11.82 in gold, silver, copper and nickel.

"No 5 is a mineralized zone in the rhyolite on the side of a depression, on the other side of which is a dike of diabase. A sample of this mineralized rhyolite gave $0.40 in gold, the mineral being pyrite. This depression is an ideal location for an ore body.

"No. 3 and 4 are mineralized zones in the ryholite that carry much disseminated pyrrhotite. Another depression to the north presents another good prospective zone.

"No. 2 is another mineralized zone carrying disseminated pyrite, chalcopyrite and galena. Not sufficient has been done to form an idea of its size.

"There are many other locations of the property that have good possibilities from a geological standpoint, much better, in fact, than the ground about No. 1, though here we have what appears to be a small ore body, which, it is quite possible, will develop into a large one. There is so much promising ground untouched that I think it a good policy to prospect and explore this before concentrating on any one point. I am convinced that a large ore body might easily be found."

We recommend the immediate purchase of these shares as one of the outstanding opportunities in the Quebec Copper-gold Area.

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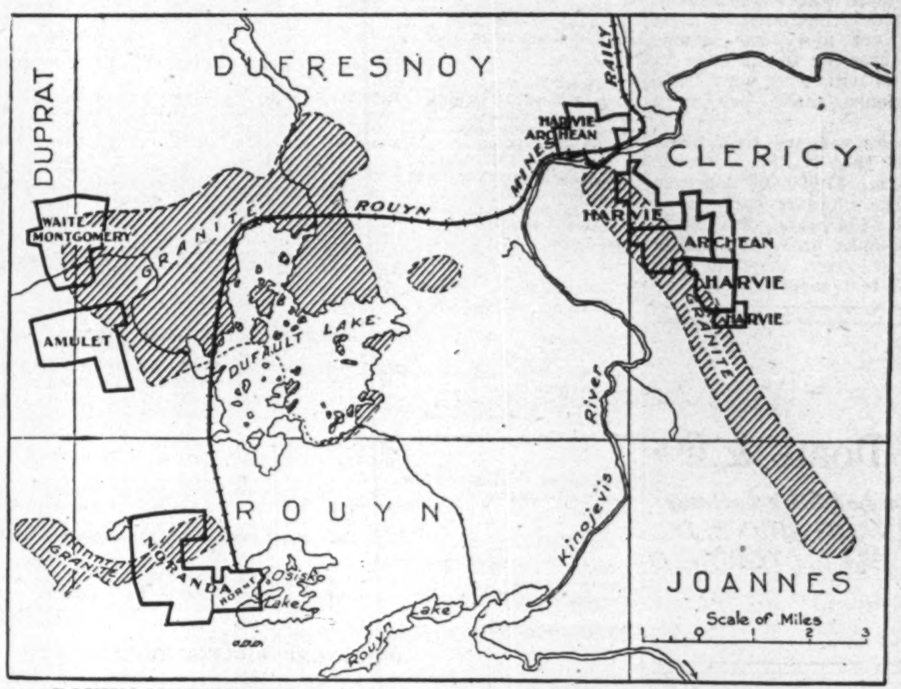

ROUYN MINING AREA, *showing relation of several principal operations to the margin of Granite Areas and to Railway Transportation.*

OWING to the widespread demand for authoritative information on this company, a special memorandum has been prepared covering field operations, financial plans, etc. Copies will be gladly furnished on request to

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33 ACRE PLUM IN COBALT PICKED OFF BY CHAS. KEELEY

T. & N. O. Lease Adjoins Buffalo Coniagas, City of Cobalt Groups

Chas. Keeley, famed as one of the stakers of Keeley Silver Mines, South Lorrain, gets credit for putting over a good one when he picked up a lease owned by the T. and N. O. Railway adjoining Coniagas and Buffalo mines and upon which a part of Cobalt has been built. It is believed that some of the Cobalt operations would have liked to have landed it.

The Ontario Department of Mines maps showing the veins of Cobalt, pictures the group as decidedly interesting. The wonder is that the property has not been worked all these years.

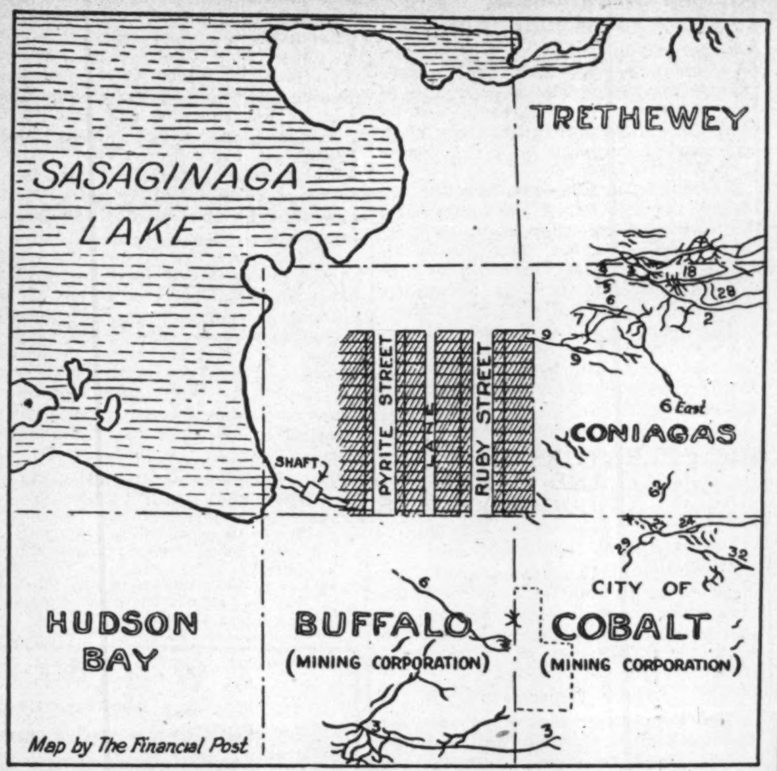
The sketch attached, copied from the Department of Mines report, shows the position of the lease which consists of 33 acres. There is a sort of a cork-screw shaft down 65-ft. It was evidently sunk in the early days of the camp and on a Cobalt vein. It is stated that the shaft did not take in the walls of the vein. It is also pointed out that at the time the work was done Cobalt was valueless and at the same time the fact was not appreciated that the majority of the cobalt veins when sunk upon turned to silver at depth.

The new lessees are building on this in regard the some 600 ft. that is showing on the surface and are also certain that they will pick up extensions of the known high grade veins from Coniagas, City of Cobalt property of Mining Corporation and Buffalo property, which in late years was worked by Mining Corporation.

It is understood that the T. and N. O. lease was held for a time by a Cobalt miner. When he gave it up, Mr. Keeley stood as the next applicant. If he had refused it, it is said that the next name on the list was Mining Corporation.

It is understood that plans are underway to organize a company to take hold of the property and that as soon as possible the active exploration of the claim will be undertaken. This means that about the only unmined portion under the Town of Cobalt is soon to be undermined like the rest. From the sketch, it will be seen that there are two streets on this property.

New Cobalt Silver Operation


SASAGINAGA LAKE
TRETHEWEY
PYRITE STREET
RUBY STREET
SHAFT
CONIAGAS
HUDSON BAY
BUFFALO (MINING CORPORATION)
CITY OF COBALT (MINING CORPORATION)
Map by The Financial Post

T. & N. O. lease has been secured on the central group in the above sketch, which includes Pyrite and Ruby Sts. It will be organized into a company and actively mined. The trend of veins on the adjoining properties indicate possibilities.

MINING STOCK QUOTATIONS
Week Ending March 1

	Par	Div.		High for	Low for	Close	Sales for	Range, 1926		Range, 1927	
	Val., $	Rate	Yield	wk.	wk.	Mar. 1	wk.	High	Low	High	Low
Aconda	.	...	...	28	21	28	28200	..	..	45	21
Amulet	1	...	...	1.40	1.24	1.33	169425	2.98	.90	2.89	1.24
Area	1	...	...	41	36½	40	114100	1.55	.21	1.95	.36
Argo. Con.	1	...	...	42	34	41½	260725	67	18½	58	34
Abana	1	...	...	30	25	30	1500	..	..	30	20
Barry Holl.	1	...	...	54	.41	.47	454550	1.00	.21	1.00	.41
Beaver	1	...	...	67	65	67	27600	99	51	75	59½
Bourlamaque	1	...	...	1.52	1.50	1.50	31650	1.45	1.02	1.53	1.43
Andean	.	...	...	..	..	..	...	..	..	22½	20½
Boischatel	.	...	...	15	12	14¼	61900	..	..	27	12
Cen. Manitoba	.	...	...	1.25	1.15	1.23	45550	..	..	1.31	1.07
Can. Lorrain	1	...	...	54	47	48	48400	93	57	72	47
Capitol S.	1	...	...	28	26	26	24150	48½	24	34	25
Castle Tre.	1	...	...	1.09	1.06	1.06	36257	1.85	.91	1.27	1.02
Coniagas	5	...	...	4.00	3.80	4.00	700	4.85	3.00	4.40	3.80
Coniarum	5	...	...	3.15	3.00	3.00	2775	4.45	3.00	3.50	3.00
Cons. Smelter	25	10	3.98	251½	242	251	5080	265	177¼	255	242
C. W. Dome	1	...	...	16¾	14	15¼	173950	29½	14	19	12½
Crown Res.	1	...	...	9½	8	8	16500	24¼	8	11¾	8
Corona	1	...	...	21	14	19½	108950	37½	20	37	13
Capital R.	.	...	...	22	18½	21	30700	43	26	54½	18
Destor	.	...	...	42½	40	40	700	41	40	43	40
Dome Mines	None	2.00	23.25	9.00	8.60	8.60	6151	20.00	8.00	10.85	8.60
Don Rouyn	1	...	...	39⅞	37	38	37800	61	25	56½	30
Duprat	1	...	...	20	16	17	266100	35½	10	34½	15
Goldale	1	...	...	25½	24½	25	9250	43	24	30	20
Gold Hill	1	...	...	42	40	41	55825	73½	25	54	40
Grover Daley	.	...	...	22½	15	19	183700	32	22	37	15
Hill Top	1	...	...	17	17	17	500	31¾	20	24	15
Hollinger	5	26	5.93	22.30	21.85	21.90	8267	21.00	16.65	22.65	20.00
Howey Gold	.	...	...	50	42	50	4710	..	..	53	42
Int. Nickel, c.	None	2.00	4.70	44¾	42⅝	42⅝	8244	46	33	44¾	38
Jay Copper	.	...	...	1.09	1.09	1.09	1500	1.10	.73	1.22	1.04
Keeley	1	24	16.78	1.61	1.42	1.43	28490	1.91	1.39	1.66	1.42
Keora Mines	1	...	...	10	7½	9⅞	50650	22	11	13½	7
Kirk. Hunt.	1	...	...	25	22	22½	42900	34	8½	35	2
Kirk Lake	1	...	...	.91½	.85	.90½	67900	1.44	.69	1.00	.85
Lake Shore	1	40	2.16	19.00	17.65	18.55	10610	16.15	9.60	19.00	15.40
Laval	1	...	...	40	37	40	234375	45¾	21	55	33
La Rose	1	...	...	10	9¾	9⅞	5000	39	4	12	8
Marclay	1	...	...	42	37	37	21800	35	30	42	34½
Macassa	1	...	...	28½	25½	27	13300	43	25	37	25½
McKinley	1	...	...	17	16	16	35900	26	8½	17	11
McIntyre	5	20	3.66	27.50	26.65	27.25	9970	29.75	22.70	27.50	25.05
Mining Corp.	5	12½c	....	3.30	3.16	3.16	11354	4.45	2.60	3.50	3.05
Montreal Rouyn	1	...	...	25¼	24	24	5800	60	13	32	20
Noranda	None	...	...	23.40	20.30	22.00	56022	24.75	12.00	24.10	19.95
Nipissing	5	12	6.38	9.75	9.40	9.40	24965	9.25	4.90	10.30	8.10
P. L. Cobalt	1	...	...	11	10	10	17400	32	14½	14½	9
Pioneer	1	...	...	1.11	1.05	1.08	20350	1.22	.66	1.18	1.00
Premier Gold	1	32	14.41	2.25	2.15	2.22	28005	2.75	1.83	2.30	1.86
Osisko	.	...	...	75	70	70	1900	1.94	1.05	1.75	.70
Rouyn	.	...	...	3½	2½	3	56400	9	1⅞	5	2½
Rouyn, Que.	1	...	...	2½	2½	2½	9500	4½	1¼	4⅝	2¼
Sylvanite	1	...	...	..	..	..	...	..	..	4.30	2.60
South Keora	1	...	...	59½	56	59½	60700	35½	5	59½	35
Stadacona	1	...	...	43	40½	42¾	35850	51	40	55	40
Teck Hughes	1	10	1.50	6.80	6.23	6.65	181240	5.55	2.64	6.80	5.37
Tough Oakes	1	...	...	57½	53	56½	142100	66	36	62½	53
Towagamac	1	...	...	4.20	3.80	3.85	11422	6.10	3.15	5.75	3.80
Do., Rts.	.	...	...	15	10	10	3356	..	..	19	10
Vic. Silver	1	...	...	12	10	11½	240500	10½	3	14	4½
Vickers	1	...	...	1.40	1.37	1.39	21600	1.22	.13	1.40	1.20
Vipond	1	3	2.27	1.58	1.25	1.32	131167	2.02	1.49	1.75	.25
Ribago	.	...	...	58	54½	57	16900	..	..	87	54½
Potter Doal	.	...	...	65	47	61	311350	..	..	65	32
Wright Har.	1	37½	3.55	11.00	10.15	10.55	31660	10.00	7.75	11.00	9.35

Towagamac Will Open Levels at 250 and 375

N.A. Timmins Inc. has installed an electric plant on Towagamac group and aggressive exploratory operations will be launched as soon as possible. The shaft has been carried to 150 with lateral work on 125 ft. The ore has been opened up for 110 ft. on this level and drills indicate that it extends another 75 ft. The ore is shown on 56 ft. wide by a drill hole at a depth of 180 ft. and 38 ft. at 270 ft. Two more levels are to be opened up 250 and 375 ft.

Disseminated Ore Cut By Drill on Duprat

Diamond drill progress, which met with early delays on Duprat, is now reported as favorable. The drilling on the north group at about 150 ft. penetrated an area in which layers of rhyolite and andesite formations alternate and a body of disseminated mineral was cut. The work is being done in the vicinity of the diabase dyke which runs onto Duprat from the adjoining Waite-Montgomery and the expectation is that the drill should reach the Waite ore horizon at 500 feet.

Later, the diamond drill will be set up on the south group of Duprat, which also represents an interesting situation. A wide zone on this south group, near Amulet carries disseminted copper values, while various small veinlets occur in this wide zone, in which as much as 20 per cent. copper is found. A part of this zone lies in low ground and has not been explored. The diamond drill will be used to penetrate the zone at various points and at varying depths.

Heavy Accumulation of Laval Going On

"We are diamond drilling and propose to make no announcement until we have something definite and tangible to talk about," is the way Vice-Pres. J. A. Naud sizes up the Laval situation. There is talk about that the electrical survey has indicated two mineralized zones on the property. That may be, but the company does not intend to give any information on this until the zones have been tested out by the drills. Reports state that the zones indicated by the survey are not as strong as those on Area and Amulet, but as delimited are much larger. Laval shares have been quite strong on the market, considerable accumulation being indicated at 40 cents.

Big Deal is Reported on Group in Red Lake

The McMamas-Gallagher groups, at Red Lake Narrows, N. E. of Howey, and cornering on Dunlop, with Owens-Acme and Huronian belt next, are figuring in a deal. It is understood that an offer of $500,000 was made for an outright purchase, but it is believed that the deal has been consummated by the owners knocking off $100,000 and retaining a 15 per cent. interest.

Dunwell Mill Operating

Mill on Dunwell Mines, Portland Canal, B.C., is now operating. It is the second in the camp.

BLOCK OF VIPOND HANGS OVER MARKET

Shares Drop During Week to Low of $1.25 — Dividend in April

Vipond shares broke down this week to $1.25 and then recovered a little. No explanation for this weakness, involving a drop of 75 cents per share from the high, is forthcoming, but it is believed that the selling comes from Porcupine Crown interests.

This company received some 71,000 odd shares for its interest in the North Crown and Thompson Krist groups which Vipond took over. The company wants funds to explore its Quebec holdings, so that it is natural that as soon as it received the Vipond shares, it would proceed to market them.

The absence of any favorable news, and the fact that it is general knowledge that Vipond cannot get anywhere until it sinks a new central shaft, are bearish news for a market with large blocks of stock hanging over it. Vipond's 3 per cent. dividend is payable in April and there is talk of another being paid in the fall.

Noranda to Auction Lots

Noranda officials have decided to hold an auction of lots late in March. It will be staged at the Smelter. There will be an upset price on each lot.

Erect 240 Ton Mill

Ogdad Mine, Atlin section of B.C., will take in a 240 ton mill.

Further Electrical Surveys

Aconda and Hecla mines, Rouyn area, are to have an electrical survey conducted on their properties.

Again in Toronto

R. B. Lamb, mining engineer, who for the past few years has had headquarters in New York is again living in Toronto.

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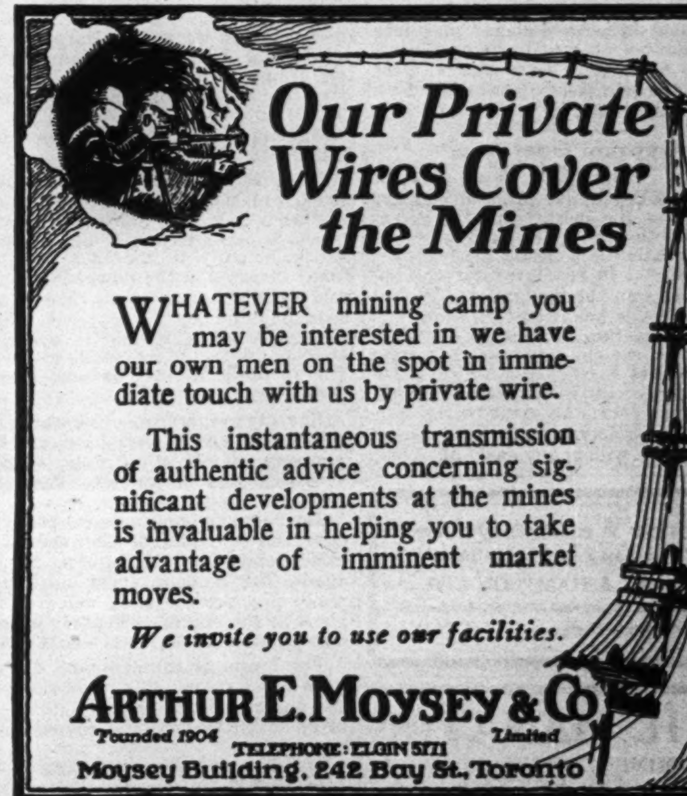
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EXPECT NORANDA'S ANNUAL REPORT IN TWO WEEKS' TIME

Big Interest in Ore Reserve Figures—Increase is Looked For

The recent strength in Noranda Mine shares is said to be in anticipation of the annual report. It was officially stated to the Financial Post on Monday last, that it would be at least two weeks before the report is ready.

The big interest in the Noranda report is in regard to ore reserves. This report will include the hill levels, 1, 2 and 3, as they are developed to date. Past reports did not cover this. In fact the last report showed a revision of previous ore reserve estimates, reducing the tonnage somewhat and increasing the copper content of the ore. The gold values remained the same.

Since that report was issued additional bodies have been found which have added materially to the copper-gold reserves. The rather rich little gold vein which was picked up and followed for a distance by the west crosscut, 350 ft. west of the diabase dyke will likely be mentioned and perhaps commented on, but that is about all. Sufficient work has not been done to indicate its possibilities. It is composed of narrow quartz stringers filled in with diabase, and free gold has been found in many places. Values up to $110 were secured past where the vein passed out on the west side of the crosscut.

New Gypsum Operation is Under Way in N.S.

SYDNEY.—Active preparations are under way for operation of the extensive Cheticamp, C.B., gypsum quarries by Atlantic Gypsum Products Co. of Boston. In readiness for the opening of summer navigation, 300 feet of old trestle has been torn down and work is starting at once on a modern conveyor system between the plant and the old Fiset wharf which is being repaired for cargo vessels. A railway spur from the plant to the harbor is also being put into shape. Quarrying will begin early in April.

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Hollinger Report on Face, Quite Bearish

If one took the annual report of Hollinger and proceeded to compare it with 1925 and without any background of facts or knowledge of what is going on, he would become a bear.

Pres. Timmins and Manager Brigham did not comment in any way on the operation, other than Mr. Timmins remark that conditions were satisfactory. The big program of development was not mentioned.

Thus an uninformed reader, not knowing what was going on at the mine, would conclude from these reports that the mine was slipping. He would see production down $1,000,000; net income lower; mill heads lower; ore reserves up $1,000,000 but would note that the increase was in low grade ore and that in better grades of ore, the tonnage showed a material decrease.

A background of facts makes the interpretation of the report comparatively easy.

HOLLINGER MINE DEVELOPMENT BEING PUSHED ON DEEP LEVELS

(Continued from page 45)

value. Ore $8 to $6 was also down, and the losses and increase in reserves it will be seen were taken care of by a substantial jump in the tonnage of low grade or ore under $6. This ore with to-day's cost is quite profitable. No. 97, the Acme vein, continues to lead the way in ore reserves with $6,624,731.

Production for the year was down about $1,000,000 while other income was up a half that amount. The increase in other income is undoubtedly due principally to the fact that the funds invested in the power plant and sold to Northern Canada power has been paid for by 6 per cent. first mortgage bonds, giving an excellent yield on the $5,125,000 funds involved. The increase in surplus was also a factor.

Earnings before depreciation amounted to $1.50 per share, and the company paid $1.30. Present surplus of $10,170,842 is equal to $2.07 per share.

The company continues its policy of generous depreciation allowance. The table indicating Hollinger's growth shows the amount spent yearly on plant, and yet the book value of the plant at the end of 1926 after depreciation provision $1,174,171 is $283,604.

The heads of the company did not have much to say to shareholders in the annual report, but will likely enlarge on the facts at the annual meeting.

Mr. Timmins, after pointing to the change of the power asset from capital to current, comments that mine and mill conditions and the labor situation continue satisfactory. Mr. Brigham had no comment whatever on the operation. He gave only the facts.

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ABANA'S TROUBLES ARE NOW OF PAST

New Board Chosen and it Will Tackle Finances at Once

Abana Mines, N.W. Quebec, is now free of litigation and squabbling. A new board of directors has been named. The hatchet has been buried and there is now an excellent opportunity to push ahead the development of the mine, providing finances are available. This is a problem to be tackled by the new board.

J. C. Lamothe, K.C., the old president, presided at the adjourned meeting and reviewed the difficulties which had been encountered by the board up to the present time. He pointed out that of the money received from the sale of shares practically all was spent on the development of the mine. He referred to the plan submitted to the shareholders by him at their meeting last September and declared that while it met with opposition his invitation that a counter proposal should be submitted was met, not with any plan, but litigation. He announced that out of four actions that were taken against the management only one was successful and in the other three the management was upheld by the judgments rendered.

Mr. Lamothe declared that having at heart the interests of the company and all the shareholders he had decided not to present himself for reelection but to allow the shareholders to elect any board of directors they might choose and the problem this board will have to deal with will be the financing of further development. He emphasized the fact that although he had the power to vote the the shares deposited with the Sun Trust Company he would place no obstacles in the way of new directors. On the contrary he declared his intention of relinquishing the power of attorney, which he held.

The new board elected was as follows: Alfred Savard, Dr. Joseph P. Laporte, E. Gadbois, Hector Authier and D. B. Rochester.

Following the meeting of the shareholders there was a meeting of the directors and Alfred Savard, K.C., of Quebec, was elected president. Mr. Savard is the president of the Canadian Exploration, the principal shareholder of Abana Mines, and he represents this company on the Abana board with Mr. Authier. D. B. Rochester, of Ottawa, was elected vice-president.

Porc. Crown, and Crown Reserve Change Boards

Some changes were made in Crown Reserve and Porcupine Crown directors at the annual meeting. Leo Erenhaus was chosen to represent the Rochester and Northern Ontario shareholders, and some of the old board retired when the by-law to reduce the directorate from 10 to 7 was passed. David Colville is another new director. Crown Reserve Consolidated shares have not as yet been exchanged for old shares and will not be until August of this year. Crown Reserve's royalty from the Cobalt lease in 1926 was $5,730. N. J. Evered, M.E. recommended that at least 2,000 feet of diamond drilling be done on the company's three Quebec groups. No work is being done at the Larder Lake group. The problem of refinancing, the last effort having failed, is still to be tackled by the board.

The new board follows: Geo. J. G. Ross, J. W. Ross, C. E. Spragge, John Terrill, Montreal, David Colville and Z. Gallagher, Toronto; Leo Erenhaus, Haileybury. Col. W. I. Gear, last year's president, A. G. Gardner, Gen. C. A. Smart and R. W. Reford, four old directors retired.

The same board was elected for Porcupine Crown.

Southern Mountbray Looking Attractive

Corona Mines has a gang employed cutting out lines in preparation for the electrical survey scheduled to start around the middle of March. Jos. Houston, E. M., consulting engineer, is also arranging for a diamond drilling campaign to immediately follow this electrical survey. Corona has two surface discoveries, one on the group adjoining U.S. Smelting, American Smelting, Ribago and Grover-Daley, and the other find on the Dasserat holdings, which adjoins Nipissing's Montbray holdings. Surface work is being carried on at the present time and both warrant diamond drilling without the electrical survey but the company has decided on the electrical survey for the purpose of ascertaining if there are any likely points in the lowground.

Developments in Montbray Township are attracting steadily increased attention following the results achieved by Nipissing. The results of the drilling on Nipissing has revealed guarded information which is common property among engineers in the north, in addition to good copper values some phenomenal gold assays. One ran as high as $100.00. A new road is nearly completed and Nipissing will then rush its plant in over the winter road.

Add Four New Directors to British Controlled Oilfields

From Our Own Correspondent.

MONTREAL. — Four new directors were elected at the adjourned annual meeting of British Controlled Oilfields, held here. The new members of the board are: E. A. S. Aubyn Harney, K.C., M.P.; Henry D. Lorimer, J.P., M.P.; Sir Alexander William Prince, K.B.E.; and Herbert Langham Reed. Three other members were re-elected, namely, Major Sir Richard Barnett, M.P.; Christopher Dally, and Richard Robert Tweed.

The radical change in the personnel of the directorate was explained at the meeting as being the desire of the Voting Trustees to place in office a group of directors who would "approach the problem of exploiting the company's properties with a more optimistic heart."

Andean Operations in Boischatel Financed

A financing deal has been closed on Andean Copper mines and a substantial payment has been made to the treasury. As a result Joseph Houston, E.M., consulting engineer, has started mapping on a big development campaign.

Holdings include two groups of claims, one adjoining Towagamac on the north and the other adjoining Coniagas option on the north, both located in Boischatel Township in that mineralized area that is attracting much attention.

Towagamac, which is just launching a new campaign of work, is looked upon as one of the leading properties of the group of claims adjoining Towagamac.

BIG OPERATORS OF PORTLAND CANAL AT LOGGER-HEADS

(Continued from page 45)

sufficient minority interest under the Articles of Association to refuse participation, as well as to prevent an increase of capital or debenture issues, the entire cost of development is being borne by Selukwe.

Stock Depression

The depression that until recently marked both B. C. Silver and National Silver stock reflected a similar depression that affected Selukwe and Sebakwe on the London market. This depression was in turn a reflection of affairs outlined in this summary. With prospects of dividends still out of sight and the various affiliated interests creating disturbing cross-currents, the English shareholders are rather apprehensive.

As B. C. Silver contains the northeasterly extension of the Premier ore zone and is 38 per cent. in the hands of the Premier interests, amalgamation of the two properties is a much-to-be-desired event from the standpoint of the B. C. Silver company. Discussion has taken place on the subject with the Selukwe suggesting that Premier stand part of the cost of development that has taken place up to date. The Premier viewpoint is that the B. C. Silver shareholders will receive the benefit from any such amalgamation through the use of the Premier plant and a share in the profits of the mine. That Premier will pay any substantial amount to compensate B. C. Silver interests for expenditures it does not approve, is improbable, to say the least.

Miller and Court say that there should be sufficient faith in the plain business sense and acumen of the management of both properties to believe that these difficulties will be ironed out. Neither company will be so short-sighted as to permit friction to re-act to their own detriment. There should be some very interesting developments in this connection within the next few months.

NEW RED LAKE COMPANY

Chas. Gallagher, Timmins, owning the large townsite group of claims, adjoining Harvey on the north in Red Lake, is organizing a company on the same. They are in granite formation. High assays, $50 to $100, have been secured in surface exploration.

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GENERAL INFORMATION

Although the original discovery in the new Narrow Lake gold mining camp was made as recently as June, 1926, the area is recognized as one of the most important new gold fields since Porcupine was discovered seventeen years ago.
The spectacular finds which have been made on such well-known properties as the Bathurst, Dunkin-MacMillan, Price-Logan, Narrow Lake Mining Company, Limited, and others have stimulated public interest to a remarkable degree, and it is evident that this district of the well-known Northern Ontario Pre-Cambrian Belt will be much in the public eye in the future.
The much-heralded trek to the new gold fields of Patricia during 1926 attracted more public interest than any corresponding development since the days of the Klondyke boom, "The trail of '98" thirty years ago.

PROPERTIES

The Narrow Lake Mining Company, Limited, has acquired two groups of splendidly located mining properties at Narrow Lake camp. This camp is in the northwestern section of the Woman Lake area in the District of Patricia, and is about forty miles by air-line northeast of Red Lake.
Our first group comprises fifteen claims, or approximately 600 acres in all, located between the well-known Bathurst and Dunkin-MacMillan holdings, on which the original Narrow Lake discoveries were made.
The second group consists of eleven claims, or approximately 440 acres in all, situated on the southeastern arm of Narrow Lake, and are distant about three miles southeasterly from group No. 1.
These holdings were among the first properties staked and recorded in the new gold camp, and our engineers advise us that from the standpoint of location and surface indications, they have excellent possibilities.
The Narrow Lake Mining Company, Limited, management have taken progressive steps toward getting equipment and supplies on the ground in order to commence operations at once. All field work will be under the personal supervision of Douglas G. H. Wright, M.E., formerly Chief Geologist of Dome Mines, Limited. Mr. Wright has had valuable experience in the Narrow Lake fields and is recognized as one of the leading Geologists of Canada.

THIS OFFERING

All those now interested in the property firmly believe that it will develop into a large and profitable mine; but the true value can only be determined through future development work. For this reason, subscriptions for stock cannot be accepted on any other than a speculative basis.
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